Vol. Twelve, No. 5 November, 1919

JOURNAL

OF THE

AMERICAN BANKERS ASSOCIATION

To the American Bankers

THE American Bankers Association, with a record of patriotic achievement in war as in peace, and possessed of potential power available through its organization and equal to its obligations as well as the demands that are to be made upon it, enters upon its new fiscal year with an administration dedicated to public service and with an assurance of the active and continuous support of the individual members of the Association.

PUBLIC SERVICE.

It is recommended that the spirit of public service rendered during the war by taking an active interest in all civic and social movements for the betterment of our community life be continued, and to this end the following suggestions are offered:

INDUSTRIAL UNREST.

As a group, divorced from the bias either of employer or employee, to give our best efforts to a solution of the present industrial unrest and to insist that the constitutional and legal methods provided be followed in correcting these conditions.

RAILWAY PROBLEMS.

Economic prosperity and financial success are closely interwoven with a speedy and proper solution of the railroad situation. The banker should give serious consideration to the necessity for adequate returns to the investor in railroad securities, but of first importance is the efficient service to the public.

FOREIGN AFFAIRS.

International relations is a subject of great import to the financiers of our country. The sale of foreign securities, surrounded by proper safeguards, should be encouraged.

The development of our merchant marine should be closely watched and fostered.

The basis governing rates of foreign exchange should be studied; gold supply; credits to be extended to foreign nations, in order to broaden our vision of the future world trade of America, all of this should have our earnest thought and attention.

AGRICULTURE.

The source of the wealth of our nation lies in the development of its agriculture and the banker should be of every possible aid in this connection so as to increase production.

Good roads, closely allied with agricultural development, are essential to the happiness and prosperity of our people. No one is better fitted to assist in this movement than the banker.

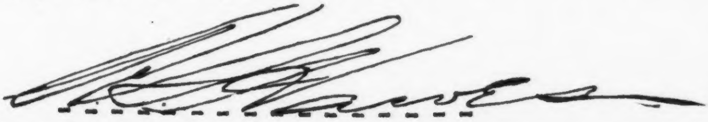
EDUCATION, THRIFT, PRODUCTION.

A strong progaganda should be inaugurated looking to the encouragement of thrift, saving and increased production, as these are all contributing cures for the present high cost of living.

The people should be educated in matters of finance and investments, and much good can be accomplished by a co-ordination of effort in giving proper publicity to financial affairs and the activities of the American Bankers Association.

These various problems of deep concern to the welfare of America, are charged to the American Banker as his direct and personal responsibility, and it is the hope of the present administration that all will lend their personal aid to their solution. The organization will intensify its work, but no successful association can fulfill its desires without the active and continuous support of its members.

We volunteered during the war for service. Now let us volunteer our service to the great American Bankers Association, that it may take its place in history as a constructive body of financiers who have assisted in the reconcilement of the tragic results of the great world's war.



Committee Announcements

President Richard S. Hawes announces committees as listed for the year 1919-1920 to serve the Association. In so doing, he makes the following comment:

"The committees of the Association are charged with duties as indicated by the name of committee to which members are assigned, and unless each and every member intends to serve faithfully and give earnest attention to the work delegated, he should give way and allow others to take his place.

"The Association work should run at the highest point of effectiveness during the ensuing year, and this can only be done by every committeeman feeling it a personal privilege and duty to give close attention to the affairs of his particular committee.

"Greater and better things are in store for our Association: The membership is interested—the people of the country realize its possibilities, and we owe it to ourselves and our community to take upon ourselves the burdens of active cooperation in every department."

General Association Committees

Currency Commission

A. B. Hepburn, Chairman of the Advisory Board, Chase National Bank, New York, N. Y., Chairman.

Jas. B. Forgan, Chairman of Board, First National Bank, Chicago, Ill, Vice-Chairman.

Myron T. Herrick President Society for Savings, Cleveland, Ohio.

Festus J. Wade, President Mercantile Trust Company, St. Louis, Mo.

George M. Reynolds, President Continental and Commercial National Bank, Chicago, Ill.

Judge O. E. Dunlap, President Citizens National Bank, Waxahachie, Texas.

Luther Drake, President Merchants National Bank, Omaha, Neb.

Sol. Wexler, J. S. Bache & Company, New York, N. Y.

Robert Wardrop, President Peoples National Bank, Pittsburg, Pa.

E. F. Swinney, President First National Bank, Kansas City, Mo.

A. J. Frame, Chairman of Board, Waukesha National Bank, Waukesha, Wis.

J. F. Sartori, President Security Trust and Savings Bank, Los Angeles, Cal.

Levi L. Rue, President Philadelphia National Bank, Philadelphia, Pa.

Chas. A. Hinsch, President Fifth-Third National Bank, Cincinnati, Ohio.

E. L. Howe, Vice-President Princeton Bank and Trust Company, Princeton, N. J.

Frederick E. Farnsworth, New York, Secretary.

Agricultural Commission

Joseph Hirsch, President Corpus Christi National Bank, Corpus Christi, Texas, Chairman.

J. R. Wheeler, Vice-President Farmers and Merchants Union Bank, Columbus, Wis.

F. N. Shepherd, Director Empire National Bank, Lewiston, Idaho. Mail to 604 Riggs Building, Washington, D. C.

B. C. Powell, Vice-President Southern Trust Company, Little Rock, Ark.

Will C. Gordon, Vice-President Farmers Savings Bank, Marshall, Mo.

W. G. Edens, Assistant-Secretary Central Trust Company of Illinois, Chicago, Ill.

George E. Roberts, Vice-President National City Bank, New York, N. Y.

Committee on Acceptances

Jerome Thralls, Secretary and Treasurer Discount Corporation of New York, New York, N. Y., Chairman.

J. W. Staley, President Peoples State Bank, Detroit, Mich.

Edwin R. Rooney, Vice-President The First National Bank, Boston, Mass.

Committee to Co-operate with U. S. Section of International High Commission

A. Breton, Vice-President Guaranty Trust Company, New York, N. Y., Chairman.

Wm. T. Kemper, Chairman of Board, Southwest National Bank of Commerce, Kansas City, Mo.

M. A. Arnold, President First National Bank, Seattle, Wash.

Oscar Wells, President First National Bank, Birmingham, Ala.

Edmund D. Hulbert, President Merchants Loan and Trust Company, Chicago, Ill.

Special Committee of Five

M. J. Dowling, President Olivia State Bank, Olivia, Minn., Chairman.

Alexander Dunbar, Vice-President and Cashier Bank of Pittsburg, Pa.

Dwight M. Armstrong, Vice-President Commercial Trust and Savings Bank, Memphis, Tenn.

H. A. McCauley, President Sapulpa State Bank, Sapulpa, Okla.

Jas. B. Lambertson, Cashier Security National Bank, Sioux Falls, S. D.

Committee on Federal Reserve Membership Campaign

J. H. Puelicher, Vice-President Marshall & Ilsley Bank, Milwaukee, Wis., Chairman.

R. S. Hecht, President, Hibernia Bank & Trust Co., New Orleans, La.

A. C. Smith, Vice-President and Cashier City National Bank, Clinton, Iowa.

H. B. Wilcox, Vice-President Merchant-Mechanics First National Bank, Baltimore, Md.

Breckenridge Jones, President Mississippi Valley Trust Company, St. Louis, Mo.

S. B. Montgomery, President State Savings Loan & Trust Co., Quincy, Ill.

Philip Stockton, President Old Colony Trust Company, Boston, Mass.

J. H. Mason, President Commercial Trust Company, Philadelphia, Pa.

H. W. Martin, Vice-President The Lowery National Bank, Atlanta, Ga.

W. S. Webb, Cashier Missouri Savings Association Bank, Kansas City, Mo.

J. D. Gillespie Cashier Tenison National Bank, Dallas, Texas.

Jess McNish, President Amercian Bank, Sidney, Neb.

Francis H. Sisson, Vice-President Guaranty Trust Co., New York, N. Y.

Charles A. Hinsch, President Fifth-Third National Bank, Cincinnati, Ohio.

Committee of Seven

William George, President Old Second National Bank, Aurora, Ill., Chairman.

M. A. Graettinger, Secretary, Illinois Bankers Association, 208 S. LaSalle Street, Chicago, Illinois.

W. F. Keyser, Secretary Missouri Bankers Association, Sedalia, Mo.

Haynes McFadden, Secretary, Georgia Bankers Association, Candler Bldg., Atlanta, Georgia.

P. W. Goebel, President Commercial National Bank, Kansas City, Kan.

John W. Staley, President The Peoples State Bank, Detroit, Mich.

George W. Hyde, Secretary Massachusetts Bankers Association, % First National Bank, Boston, Mass.

Committee to Co-operate with a Committee of the Chamber of Commerce of the United States Regarding Foreign Exchange

John J. Arnold, Bank of Italy, San Francisco, Cal.

James D. Hoge, Chairman of the Board, Union National Bank, Seattle, Wash.

W. P. Kretschmar, President Commercial Savings Bank, Greenville, Miss.

National Councillor for and Representing the American Bankers Association on the Chamber of Commerce of the United States

Richard S. Hawes, Vice-President First National Bank, St. Louis, Mo.

Committee on Commerce and Marine

John McHugh, Vice-President Mechanics & Metals National Bank, New York, N. Y., Chairman.

Lewis E. Pierson, Chairman of Board Irving National Bank, New York, N. Y.

Charles H. Sabin, President Guaranty Trust Company, New York, N. Y.

Fred I. Kent, Vice-President Bankers Trust Company, New York, N. Y.

Daniel G. Wing, President, First National Bank, Boston, Mass.

Arthur Reynolds, Vice-President Continental & Commercial National Bank, Chicago, Ill.

William A. Law, President First National Bank, Philadelphia, Pa.

F. O. Watts, President First National Bank, St. Louis, Mo.

Charles A. Hinsch, President Fifth-Third National Bank, Cincinnati, Ohio.

Robert F. Maddox, President Atlanta National Bank, Atlanta, Ga.

Thos. B. McAdams, Vice-President Merchants National Bank, Richmond, Va.

Richard S. Hawes, Vice-President First National Bank, St. Louis, Mo.

James J. Fagan, Vice-President Crocker National Bank, San Francisco, Cal.

Waldo Newcomer, President, National Exchange Bank, Baltimore, Md.

John L. Hamilton, President Equitable Securities Company, Columbus, Ohio.

W. F. Collins, Five Nassau Street, New York City, Secretary.

Committee on Education

R. O. Kaufman, Vice-President and Cashier Union Bank & Trust Co. of Montana, Helena, Mont., Chairman.

Gardner B. Perry, Vice-President National Commercial Bank, Albany, N. Y.

William B. Hughes, Secretary Nebraska Bankers Association, Omaha, Neb.

William J. Gray, Vice-President First and Old Detroit National Bank, Detroit, Mich.

P. D. Houston, President American National Bank, Nashville, Tenn.

W. D. Vincent, Vice-President Old National Bank, Spokane, Washington.

Victor A. Lersner, Comptroller Williamsburg Savings Bank, Brooklyn, N. Y.

Committee on Public Relations

William P. Sharer, President First National Bank, Zanesville, Ohio, Chairman.

Percy H. Johnston, Vice-President Chemical National Bank, New York, N. Y.

H. L. Remmel, President Bankers Trust Co., Little Rock, Ark.

F. W. Ellsworth, Vice-President, Hibernia Bank and Trust Co., New Orleans, La.

E. E. Crabtree, Vice-President F. G. Farrell & Co., Jacksonville, Ill.

Milton E. Holderness, Vice-President, First National Bank, St. Louis, Mo.

W. R. Morehouse, Assistant Cashier Guaranty Trust and Savings Bank, Los Angeles, Cal.

Council Committees

Insurance Committee

One Year Term

George A. Holderness, President Farmers Banking & Trust Co., Tarboro, N. C., Chairman.

Two Year Term.

L. E. Sands, President First National Bank, Pittsburg, Pa.

Three Year Term.

John B. Washburn, Vice-President Continental & Commercial National Bank, Chicago, Ill.

L. W. Gammon, Five Nassau Street, New York, N. Y., Secretary.

Committee on State Legislation

One Year Term

M. A. Traylor, President First Trust & Savings Bank, Chicago, Ill., Chairman.

Benjamin E. Smythe, Vice-President Liberty National Bank, New York, N. Y.

F. H. Farrington, Brandon, Vt. (Vice-President Rutland Savings Bank, Rutland, Vt.)

John T. Dismukes, President First National Bank, St. Augustine, Fla.

Two Year Term.

John B. Clement, Second Vice-Pres. Central Trust Co., Camden, N. J.

L. A. Baker, Cashier Manufacturers Bank, New Richmond, Wis.

Charles B. Lewis, President Fourth National Bank, Macon, Ga.

F. J. Belcher, Jr., Vice-President First National Bank, San Diego, Cal.

Three Year Term.

Charles S. McCain, Vice-President Bankers Trust Co., Little Rock, Ark.

Edward Buder, Vice-President and Treasurer Mercantile Trust Co., St. Louis, Mo.

J. Pope Matthews, President Palmetto National Bank, Columbia, S. C.

W. P. Andrews, Cashier First National Bank, Ft. Worth, Texas.

State Legislative Council

M. A. Traylor, President First Trust and Savings Bank, Chicago, Ill., Chairman.

Alabama—E. C. Melvin, Pres. Selma Nat. Bk., Selma.

Arizona—R. E. Moore, Vice-Pres. Valley Bank, Phoenix.

Arkansas—Chas. S. McCain, Vice-Pres. Bankers Trust Co., Little Rock.

California—F. J. Belcher, Jr., Vice-Pres. First Nat. Bk., San Diego.

Colorado—Theo. G. Smith, Pres. International Trust Co., Denver.

Connecticut—R. LaMotte Russell, Pres. Manchester Trust Co., S. Manchester.

Delaware—Geo. H. Hall, Pres. Milford Trust Co., Milford.

Dis. of Col.—C. J. Bell, Pres. Am. Security & Trust Co., Washington.

FLORIDA—John T. Dismukes, Pres. First Nat. Bk., St. Augustine.

Georgia—Chas. B. Lewis, Pres. Fourth Nat. Bank, Macon.

Idaho—Walter E. Miller, Pres. First Nat. Bk., Nampa.

Illinois—M. A. Traylor, Pres. First Trust & Sav. Bk., Chicago.

Indiana—Charles W. Camp, Pres. Garrett State Bank, Garrett.

Iowa—George S. Parker, Pres. Livestock Nat. Bank, Sioux City.

Kansas—E. E. Mullaney, Pres. Farmers & Merchants Bank, Hill City.
Kentucky—J. K. Waller, Pres. Peoples Bank & Trust Company, Morganfield.
Louisiana—A. T. Kahn, Vice-Pres. Commercial Nat. Bank, Shreveport.
Maine—E. S. Kennard, Cashier Rumford Nat. Bk., Rumford.
Maryland—John W. Ennis, Cashier Pocomoke City Nat. Bk., Pocomoke City.
Massachusetts—Geo. A. MacDonald, Pres. Chicopee Nat. Bk., Springfield.
Michigan—A. G. Bishop, Pres. Genesee County Savings Bank, Flint.
Minnesota—Cliff W. Gress, Vice-Pres. Citizens State Bank, Cannon Falls.
Mississippi—T. W. Yates, Vice-Pres. Commercial Bank & Trust Co., Laurel.
Missouri—Edward Buder, Treas. Merc. Trust Co., St. Louis.
Montana—Ralph O. Kaufman, Vice-Pres. and Cashier Union Bank & Trust Co., Helena.
Nebraska—J. F. Coad, Jr., Pres. Packers Nat. Bk., Omaha.
Nevada—Geo. Wingfield, Pres. Reno Nat. Bank, Reno.
New Hampshire—Ira F. Harris, Cashier Indian Head Nat. Bk., Nashua.
New Jersey—Jno. B. Clement, 2nd Vice-Pres. Central Trust Co., Camden.
New Mexico—H. B. Jones, Pres. First Nat. Bank, Tucumcari.
New York—Benj. E. Smythe, Vice-Pres. Liberty Nat. Bk., New York City.
North Carolina—Leake S. Covington, Cashier Farmers Bank, Rockingham.
North Dakota—E. Beissbarth, Pres. First Nat. Bk., Brinsmade.
Ohio—I. M. Taggart, Pres. Merchants Nat. Bk., Massillon.
Oklahoma—T. H. Dwyer, Pres. Chickasha Nat. Bk., Chickasha.
Oregon—W. L. Thompson, Pres. Am. Nat. Bk., Pendleton.
Pennsylvania—J. W. B. Bausman, Pres. Farmers Trust Co., Lancaster.
Rhode Island—Michael F. Dooley, Pres. Natl. Exchange Bk., Providence.
South Carolina—J. Pope Matthews, Pres. Palmetto Nat. Bk., Columbia.
South Dakota—John W. Wadden, Pres. Sioux Falls Nat. Bk., Sioux Falls.
Tennessee—Fred. Collins, Vice-Pres. Bank of Commerce & Trust Co., Memphis.
Texas—W. P. Andrews, Cashier First Nat. Bk., Ft. Worth.
Utah—W. S. McCornick, Pres. McCornick & Co., Salt Lake City.
Vermont—F. H. Farrington, Brandon, Vice-Pres. Rutland Savings Bk., Rutland.
Virginia—C. E. Tiffany, Pres. Fauquier Nat. Bk., Warrenton.
Washington—D. W. Twohy, Pres. Old Nat. Bank, Spokane.
W. Virginia—H. W. Chadduck, Vice-Pres. Nat. Bk. of Fairmont, Fairmont.
Wisconsin—L. A. Baker, Cashier Manufacturers Bank, New Richmond.
Wyoming—Geo. W. Perry, Vice-Pres. Sheridan Nat. Bk., Sheridan.

Committee on Federal Legislation

One Year Term

F. A. Irish, Vice-Pres. First National Bank, Fargo, N. D.
T. W. Yates, Vice-Pres. Commercial Bank & Trust Company, Laurel, Miss.

Two Year Term.

Fred Collins, Vice-Pres. Bank of Commerce & Trust Co., Memphis, Tenn.
George E. Brock, President Home Savings Bank, Boston, Mass.

Three Year Term.

C. H. McNider, Pres. First National Bank, Mason City, Iowa.
Joseph Wayne, Jr., Pres. Girard National Bank, Philadelphia, Pa.

Federal Legislative Council

1919-1920

Fred Collins, Vice-President Bank of Commerce and Trust Co., Memphis, Tenn., Chairman.
Alabama—E. C. Melvin, Pres. Selma Nat. Bk., Selma.
Arizona—R. E. Moore, Vice-Pres. Valley Bank, Phoenix.
Arkansas—Robert Neill, Cashier Ark. Nat. Bk., Hot Springs.
California—J. M. Henderson, Jr., Pres. Sacramento Bank, Sacramento.
Colorado—J. M. B. Petrikin, Pres. First Nat. Bk., Greeley.
Connecticut—R. LaMotte Russell, Pres. Manchester Trust Co., S. Manchester.
Delaware—Geo. H. Hall, Pres. Milford Trust Co., Milford.
Dis. of Col.—C. J. Bell, Pres. Am. Security & Trust Co., Washington.
Florida—John T. Dismukes, Pres. First Nat. Bk. St. Augustine.
Georgia—E. C. Smith, Vice-Pres. Griffin Banking Co, Griffin.
Idaho—Walter E. Miller, Pres. First Nat. Bk., Nampa.
Indiana—Robert A. Morris, Fairmont State Bank, Fairmont, Ind.
Illinois—Andrew Russel, Vice-Pres. Ayers Nat. Bk., Jacksonville.
Iowa—C. H. McNider, Pres. First Nat. Bk., Mason City.
Kansas—Geo. A. Guild, Vice-Pres. Central Nat. Bk., Topeka.

Kentucky—J. K. Waller, Pres. Peoples Bk. & Trust Co., Morganfield.
Louisiana—A. T. Kahn, Vice-Pres. Commercial Nat. Bank, Shreveport.
Maine—E. S. Kennard, Cashier Rumford Nat. Bk., Rumford.
Maryland—John W. Ennis, Cashier Pocomoke City Nat. Bk., Pocomoke City.
Massachusetts—Geo. E. Brock, Pres. Home Sav. Bk., Boston.
Michigan—Dudley E. Waters, Pres. Grand Rapids Nat. City Bk., Grand Rapids.
Minnesota—C. L. Hansen, Vice-Pres. First Nat. Bk., Thief River Falls.
Mississippi—T. W. Yates, Vice-Pres. Commercial Bank & Trust Co., Laurel.
Missouri—J. R. Dominick, Pres. Traders Nat. Bk., Kansas City.
Montana—Roy J. Covert, Pres. Merchants Nat. Bk., Billings.
Nebraska—J. F. Coad, Jr., Pres. Packers Nat. Bk., Omaha.
Nevada—Geo. Wingfield, Pres. Reno Nat. Bank, Reno.
New Hampshire—Ira F. Harris, Cashier Indian Head Nat. Bk., Nashua.
New Jersey—Elwood S. Bartlett, Cashier Atlantic City Nat. Bk., Atlantic City.
New Mexico—H. B. Jones, Pres. First Nat. Bank, Tucumcari.
New York—Delmer Runkle, Pres. Peoples Nat. Bk., Hoosick Falls.
North Carolina—Geo. A. Holderness, Pres. Farmers Banking & Trust Co., Tarboro.
North Dakota—F. A. Irish, Vice-Pres. First Nat. Bk., Fargo.
Ohio—E. L. Coen, Vice-Pres. Erie County Banking Co., Vermillion.
Oregon—W. L. Thompson, Pres. Am. Nat. Bk., Pendleton.
Pennsylvania—Joseph Wayne, Jr., Pres. Girard Nat. Bk., Philadelphia.
Rhode Island—Michael F. Dooley, Pres. Natl. Exchange Bk., Providence.
South Carolina—J. Pope Matthews, Pres. Palmetto Nat. Bk., Columbia.
South Dakota—H. L. Hopkins, Pres. Securities Bank, Clark.
Tennessee—Fred. Collins, Vice-Pres. Bank of Commerce & Trust Co., Memphis.
Texas—J. W. Butter, Pres. First Guarantee State Bank, Clifton.
Utah—W. S. McCornick, Pres. McCornick & Co., Bankers, Salt Lake City.
Vermont—F. H. Farrington, Brandon, Vice-Pres. Rutland Savings Bk., Rutland.
Virginia—C. E. Tiffany, Pres. Farquier Nat. Bk., Warrenton.
Washington—E. W. Purdy, Pres. First Nat. Bk., Bellingham.
West Virginia—H. W. Chadduck, Vice-Pres. Nat. Bk. of Fairmont, Fairmont.
Wisconsin—Walter Kasten, Vice-Pres. Wis. Nat. Bk., Milwaukee.
Wyoming—Geo. W. Perry, Vice-Pres. Sheridan Nat. Bk., Sheridan.

Committee on Membership

One Year Term

H. W. Chadduck, Vice-Pres. National Bank of Fairmont, Fairmont, W. Va.

Two Year Term.

P. B. Doty, Active Vice-Pres. Gulf National Bank, Beaumont, Tex.

Three Year Term.

Willis D. Longyear, Vice-Pres. Security Trust & Savings Bank, Los Angeles, Cal.

Administrative Committee

Richard S. Hawes, Vice-Pres., First National Bank, St. Louis, Mo., Chairman.
John S. Drum, President, Savings Union Bank & Trust Co., San Francisco, Cal.
Thomas B. McAdams, Vice-Pres. Merchants National Bank, Richmond, Va.
Robert F. Maddox, President Atlanta National Bank, Atlanta, Ga.

One Year Term

C. J. Bell, President, American Security & Trust Co., Washington, D. C.

Two Year Term

John F. Hagey, Vice-Pres. First National Bank, Chicago, Ill.

Representing Trust Company Section

Lynn H. Dinkins, President, Interstate Trust & Banking Co., New Orleans, La.

Representing Savings Bank Section

S. Fred Strong, Treasurer, Connecticut Savings Bank, New Haven, Conn.

Representing National Bank Section

Walter W. Head, Vice-President, Omaha National Bank, Omaha, Neb.

Representing State Bank Section

J. W. Butler, Vice-President The Texas Bank & Trust Co., Galveston, Texas.

Finance Committee

John S. Drum, President Savings Union Bank & Trust Co., San Francisco, Cal., Chairman.
Harry M. Rubey, Vice-President Golden Savings Bank, Golden, Col.

Finance Committee
(Continued)

One Year Term

W. C. Gordon, Vice-President Farmers Savings Bank, Marshall, Mo.

J. W. B. Bausman, President Farmers Trust Co., Lancaster, Pa.

Homer A. Miller, President, Iowa National Bank, Des Moines, Iowa.

Two Year Term

Rome C. Stephenson, President St. Joseph Loan & Trust Co., South Bend, Ind.

S. B. Rankin, President Bank of South Charleston, South Charleston, Ohio.

A. M. Graves, Cashier Red River National Bank, Clarkesville, Texas.

Three Year Term

W. E. Purdy, Asst. Cashier Chase National Bank, New York, N. Y.

Tom Hartman, Vice-President Producers State Bank, Tulsa, Okla.

Frank W. Blair, President Union Trust Company, Detroit, Mich.

Protective Committee

This committee is composed of three members and under the Constitution their names are not made public.

Committee on Library

One Year Term

Julien H. Hill, First Vice-President, National State and City Bank, Richmond, Va., Chairman.

Two Year Term

J. D. Phillips, Vice-President Green Valley Bank, Green Valley, Ill.

Three Year Term

R. LaMotte Russell, President Manchester Trust Company, S. Manchester, Conn.

Journal Committee

Under action of the Executive Council a secret committee of three members.

Committee to Edit Annual Proceedings

By direction of the President, the names of the members of this committee are not made public.

Origin of Bolshevism

By George E. Allen

THE spirit of Bolshevism has existed in the world for centuries. When and where it originated, nobody knows. A plausible legend comes down to us from ancient times. The scene was a dusty road somewhere in Europe or Asia. Along the road were a few humble homes in front of which children were playing and horses were grazing. Down the highway came a mad dog, frothing at the mouth and barking with frenzy. In terror mothers took their children into their houses and shut the doors. The horses in shivering horror made way for the monstrosity. In a dusty nest in the road, however, there was an object that showed signs of life and as the dog came nearer and nearer there unwound the graceful head and neck of a rattlesnake. The dog approached. The rattlesnake stiffened. Finally they met in defiance. The teeth of the dog pierced the neck of the reptile and the fangs of the reptile stung his antagonist. The venom of hydrophobia and the venom of the rattlesnake were thus combined in both combatants and the spirit of Bolshevism born. This may be a fantastic legend, but produce if you can a more logical theory of the creation of the Bolshevist.

Picking the Future President

Employment Problems in the Selection, Care and Promotion of Juniors—An Important Function of the Modern Banking Institution

By P. E. Hathaway

Employment Manager, Northern Trust Company of Chicago, Ill.

TRUST companies and banking institutions of the country have in the past fallen far behind the large commercial houses in the matter of adequate employment methods. The selection of candidates for employment, especially in the case of juniors, the training of employes, and the interest shown in their welfare have been conducted in somewhat haphazard fashion, but developments in the business world during the past few years have caused bankers to look upon the employment situation from an altogether different angle and to realize the necessity of a reorganization of their systems.

Increasing competition and the more advanced business methods now generally in vogue demand an intensified effort to render efficient service—the commodity which banks have to sell, and one of the chief things for which a successful bank stands. Every post, great or small, contributes directly or indirectly its part toward service, and to this end there should be at the beginning a judicious and promising selection of employes, followed by a careful oversight of their development.

It is not surprising that this changed attitude of the employer should bring forth subjects of a problematic nature.

A recent visit to banking institutions in the east afforded an opportunity to discuss with employment men of many banking institutions the practices in vogue along employment, personnel and educational lines. Everywhere the same problems exist, and everywhere their solutions are being sought. An attempt to enumerate all of the problems of the employment office—problems which might be discussed by employment managers of banking institutions with great mutual benefit—would be a hopeless as well as an endless task. Perhaps it will not be out of place, however, to mention a few.

1. Methods of getting in touch with the best sources of material in the way of young men and women of the type to be desired.

2. Different thoughts and methods in regard to the interviewing of applicants.

3. Standards of qualifications for applicants; and the value of and proper methods for checking references.

4. Various forms of progress reports, and their value.

5. Educational work, and how it can be correlated in connection with the regular office duties.

6. Methods for handling properly promotions of employes and inter-departmental transfers.

7. Various forms of personnel work; medical attendance; vacation aids, lunch, rest and recreation rooms; insurance; pension; social activities, etc.

8. How best to avoid, or solve, the "blank wall" problem for the man who feels that he is in a rut.

Following the accepted feeling among employment managers, in order to make the application of any proposed methods successful, they should be closely seconded by the establishment of some form of educational aid for employes, for the reason that education appeals to and attracts the better class of employes found in banks. Bank employes are on the whole naturally of a high order mentally, but they are represented to a large extent by boys and girls, young men and women, whose aspirations in an educational way have not been realized because of the necessity of earning a livelihood at a comparatively early age. Lines should be followed which will elevate and improve, fitting the employes directly or indirectly for positions in the institution they serve. Assistance in this direction never fails of appreciation. Believing this, the Northern Trust Company has adopted an educational plan which seems most nearly to approach its needs and existing local conditions.

I, however, fully understand that conditions which prevail with us may be entirely different from those obtaining elsewhere, and that an educational program which would seem to fit our organization may be altogether impracticable in another; nor is it to be presumed that the plan as outlined is the best that can be devised; rather is it presented with some misgivings, and with the hope that a general criticism will result in so many constructive ideas that from the ruins of the old way may be built an educational program which will be of inestimable value to the boys and girls who have been obliged to cut short their regular school work, and who must rely for their future training upon the institution with which they have cast their lot. The employer has a tremendous responsibility in this respect, and it is gratifying to know that there is a constantly growing tendency to appreciate it. Banking institutions, from the very nature of their work and requirements, should assume the leadership.

A law recently enacted in the state of Illinois provides for the compulsory attendance at school of every boy and girl between the ages of 14 and 16, for eight hours a week. This compulsion applies to all cities in the state having continuation schools. The hours are to be taken from the working day. Another law enacted by the legislature provides for the introduction of continuation school work for people between 16 and

Instructing a Class of Future Bank Presidents

18. This law is to be effected gradually, and will not be compulsory for several years. However, before these laws were passed, we, with the needs of our juniors in mind, put into effect the following educational plan:

The juniors are divided into two sections, and regular class room work is conducted each morning from 8:15 to 9:15, followed by fifteen minutes of sharp Indian club, or dumb bell, drill. All of this is under the direction of a competent instructor, whose entire time is devoted to the work.

Courses are offered in commercial arithmetic, commercial geography, English, civil government, the elements of banking, spelling and writing. This work is supplemented by a complete schedule for individual instruction, each boy (or girl) under sixteen years of age being given thirty-minute periods of private tutoring each week, and the older ones periods of twenty minutes.

The allotment of time for each subject is determined by the pupil's deficiencies. If he is weak in arithmetic, for example, then special attention is paid to that subject.

Nor is all the time devoted to regular text-book work. The important matter of training boys for their work in the bank is handled through this agency, the value of courtesy; punctuality; the proper manner of approaching the visitor; use of tubes; handling telephone calls (accomplished by the installation of "dummy" telephones), etc.

By means of the periods of private instruction, too, we are able to stimulate an interest in the use of the library, direct their reading into proper channels, and by means of book reviews, afford an outlet for their own thoughts, and assist in a very practical way in their study of the English language.

For the older members of the staff, it has been found that better results can be attained by means of the American Institute of Banking and other vocational schools. The one exception is a class in English, which is largely attended. Every assistance, financial and otherwise, is given to any employe who wishes to do further educational work, and fit himself for the job higher up. At the time this is written, arrangements are being made for the coming winter, and many are enrolling for courses in stenography, typing, business law, accounting, languages, etc.

Another educational feature of special interest to the staff in general is the "group meeting" plan. With the coming of cold weather, meetings of employes of the different departments will be resumed. Briefly, the plan is this: The staff is divided into six groups, and the meetings held every two weeks, two groups attending each meeting. This necessitates taking up the same subject at three different meetings, but it is desirable in that it limits the number attending to 30-35, and thereby assures a more general discussion of the subject which is being considered. As an illustration of the plan, Mr. A of the trust department will present an article on the subject of "Wills," followed by discussion and questions, or the officers and staff of the banking department will "set up" the bank, and give a practical demonstration of the different phases of bank work. Other evenings are given over to matters pertaining to the vaults, or to the bond, service extension, or savings departments.

Around the educational question are ranged other industrial relations, each of significance in this new era of labor adjustment, and it would seem that the time is at hand when attention should be given to a systematic development of some plan to bring employment men and women of banking institutions into

closer touch with each other and with employment people in general, for an interchange of ideas and a general discussion of the many features of employment work common to banks. Whether this is to be accomplished through committees, separate organizations, or correspondence, are points which can be readily worked out. The means by which it is done is not nearly so important as the accomplishment—"The get together" itself.

While attending the convention of the National Employment Managers Association, in Cleveland, last May, at which over 2,000 employment men from all parts of the United States were present, I was impressed by the interest which was shown, and the unquestionable benefit derived by a general discussion of employment methods. I was also struck by the lack of representation of employment men from banking institutions. To be sure most of the problems discussed were those common to commercial houses and factories and applicable to banking institutions only because of their underlying principles. Our own specific problems are as much in evidence, however, and I am firmly convinced there is much to be gained by interchanges of ideas.

Perhaps, too, besides the practical suggestions we may give or receive, we may be able to enhance our understanding of that subtle element—the human touch—of which we hear so much in the employment world just now, and which, if recognized and properly applied, contributes so largely to a contented and co-operating group of workers, but which if ignored can but result in unreasonable demands, the forerunners of trouble.

I understand of course that no policy, or system, can be devised which can be presented as a cure-all for our troubles in handling men, but by occasionally meeting with one another, relating our own experiences, and listening to the suggestions and experience-bought ideas of others, a great fund of information can be obtained which will be useful to us all.

Employment men in other lines are doing this, and are carrying away from their meetings ideas which they are using in a constructive way in their daily work. If meetings and discussions of this sort are helping them, then it is reasonable to suppose that they would be of assistance to us. Why continue to ask ourselves "Why aren't we doing it? Let us say rather—"Let's do it."

Foreign Credit Sub-committee

John McHugh, vice-president of the Mechanics and Metals National Bank of New York, who is chairman of the Committee on Commerce and Marine of the American Bankers Association, has announced the appointment of the following sub-committee of the Commerce and Marine Committee to consider the matter of foreign credits: William A. Law, president First National Bank, Philadelphia, chairman; Richard S. Howes, vice-president First National Bank in St. Louis, St. Louis, Mo., and President American Bankers Association; Fred I. Kent, vice-president Bankers Trust Company, New York; Thomas B. McAdams, vice-president Merchants National Bank, Richmond, Va., and Second Vice-President American Bankers Association, and Waldo Newcomer, president National Exchange Bank, Baltimore, Md. Mr. McHugh is a member of the sub-committee, ex-officio.

The Committee is named with the approval of the President of the American Bankers Association, and its appointment follows the definite stand on foreign credits taken by the Committee on Commerce and Marine of the Association and emphasized in a report made by the Committee to the American Bankers Association at the Association's annual Convention in St. Louis, October 2.

The important features of this report are referred to in an article, appearing elsewhere in this issue, on the International Trade Conference held the latter part of October in Atlantic City, N. J.

International Trade Conference

Permanent Organization Projected of Commercial and Financial Interests of Various Nations—American Responsibilities to be Met

By W. F. Collins

Secretary Commerce and Marine Committee, American Bankers Association

OUTSTANDING features of the International Trade Conference, held at Atlantic City, N. J., October 22-24, 1919, on the invitation of the Chamber of Commerce of the United States, were two decisions, the first, to appoint a new Committee on Credit and Finance, with a special view to meeting American responsibilities in the situation presented by the state of trade between America and Europe, and, the second, to form a permanent international organization of commercial and financial interests of the various nations. Such organization "may include all countries that are members of the League of Nations," but membership would be subject to election by the Board of Directors of the projected organization.

Steps were at once taken to carry into effect both of these decisions.

The conference, which was attended by missions from Great Britain, France, Italy and Belgium and by hundreds of American financiers and business men had, as one of its most important developments, the presentation of a report by a Committee on Credit and Finance, James S. Alexander, president of the National Bank of Commerce, being chairman, which report recommended the formation of the new committee on credit and finance above referred to. This new committee, in the language of the report, should "immediately be appointed by the Chamber of Commerce of the United States to carry on the work initiated at this Conference, and to put to practical use the material accumulated here. It is felt that the Commitee should represent the responsibility of the entire country in meeting this national emergency." A further recommendation was made that the new committee should consult with all the interests involved and keep at the job until it is finished.

The Credit and Finance Committee of the Conference, whose report was adopted in its entirety by the Conference, endorsed the Edge bill, saying in this connection:

"To meet the problems of long time commercial credits your Committee believes that organizations of the type contemplated in pending legislation constitute a valuable part of the new machinery needed to meet the present emergency. We have discussed at the Conference the possibilities of corporations formed under the provisions of the Edge bill, the principles of which have been endorsed by a committee of the American Bankers Association and other influential organizations. We recommend that steps be taken to expedite the speedy passage of that legislation. We have given study also to the powers of the War Finance Corporation as a helpful agency in the present situation. We believe further careful study should be given to both these agencies with a view to bringing about not government initiative in this work, but rather to the establishment of a co-operative relationship which will give help and encouragement to private initiative and increase the broadest confidence on the part of the public as a whole in the credit machinery to be set up."

The Committee of the American Bankers Association referred to is the Committee on Commerce and Marine, whose report, made to the Association at the annual Convention of the Association at St. Louis, Mo., October 2, 1919, stated that, for the extension of foreign credits, "the necessary financial machinery in the form of a large, capably managed and thoroughly equipped organization with which the bankers, businessmen and manufacturers of this country would become identified and which might very properly be initiated and supported by the members of the American Bankers Association, should be provided with the least possible delay."

The Commerce and Marine Committee stated that such an organization should have ample capital and be sufficiently resourceful to extend credits running into the largest figures that can be required for the purchase of American products, "and its efforts should most certainly be supplemented by the maximum of production here, in order not only that our own people be kept well and profitably employed, but that they be not subjected to the payment of excessive prices for their own needs." Furthermore, the belief was expressed that the creation of American credits abroad constitutes "an essential basis for the maintenance and extension of our foreign trade, and this basis can be secured, to a markedly important, if not wholly necessary degree, by wisely made American investment in foreign securities, not only government issues, but also municipal and industrial, if properly guaranteed."

The Credit and Finance Committee of the International Trade Conference said, with reference to foreign trade financial machinery:

"It should be stated again that no corporation which may be set up can take the place of individual ingenuity and the wide variety of effort and skill on the part of business men and bankers, working out in detail with business men and bankers in Europe, specific transactions. Some of these may be individually small. But the success of one will lead rapidly to the development of others, until in the aggregate the business done will be large. A return of this normal intercourse, we believe, is the ultimate objective desired on both sides of the water and should be constantly kept in mind and encouraged even while we are devoting ourselves so earnestly to providing unusual and

temporary measures to meet emergency needs. It is in this attitude that your Committee has approached the formation of corporations of substantial size, under provisions similar to those in the Edge bill. An organization with ample capital with facilities to obtain full credit information abroad, and with a personnel which will insure an unquestioned standing at home and abroad appears to be, in the estimation of your committee, an expedient well worth support at this time."

In the report of the Credit and Finance Committee of the Conference it was stated:

"The banks are eager to help. The difficulty is, that commercial banks, as custodians of funds, under obligation to repay deposits on demand, are prevented both by law and by sound business practice from tying up their assets in long time loans. We find this view understood and confirmed by the distinguished bankers among our European guests. American banks are today functioning normally in the financing of a substantial part of our foreign trade. To the extent that what we export is balanced by what we import, banks can very well make the temporary advances required. But the problems of financing the excess of our exports over our imports, the problem of supplying the long term credits to cover the balance of trade, is not one for the banks alone. Neither can the banks and the merchants solve it alone, because the extent to which merchants and producers can properly tie up their working capital in long time advances to foreign customers is limited.

"To the extent that long time credits are required, therefore, it is clear that special machinery must be set up and that, while the commercial banker will have an important role to play, a large responsibility must rest with other elements in the population, notably the investment banker, the exporter, the producer of goods for export, and most important of all, the American investor."

In connection with the presentations made by the foreign missions, France during 1920, will need to import between six and seven hundred million dollars' worth of foods, fuel, cotton, copper, steel and other necessities, and the proportion of such purposes which will be made in this country will depend upon the extent to which the rates of exchange adverse to France are corrected, it was stated by Baron du Marais, Vice-Chairman of the French Mission. He said that credits of a ten-year maturity would be required by France pending rehabilitation. For 1921 he estimated that France's total requirements would be considerably less than for 1920.

No special aid was asked by the British Mission. The Italian delegates wanted a long-term credit, at reasonable rates, of about five hundred million dollars or six hundred million dollars, to pay for merchandise purchased by Italy in the United States. It was proposed by the Italian delegates that this loan be guaranteed by an Italian banking syndicate which, it was said, had been formed, representing financial Italy as a unit with the Italian Government's endorsement.

The Belgian delegates spoke optimistically of their country's business future. The Chairman of the Belgian Mission said that Belgium wants to buy substantial amounts of goods from America, cotton and wheat being especially mentioned. Belgium urged lower freight rates.

The Committee on Resolutions of the Conference recommended (this Committee's report also being adopted in its entirety by the Conference) "that all restrictions on national economic laws should be lifted as soon as the exceptional circumstances growing out of the war will permit;" that "we urge the abandonment of governmental restrictions on the purchase, distribution and shipment of coal from America as soon as ever the circumstances of the respective countries will permit;" that "there should be the widest practicable interchange of commodities and, in particular, the freest practical distribution of raw materials, and that at the present moment consideration should be given to the question of a fair distribution of raw materials in connection with any financial plans for the revival of rehabilitation of industries which have been interrupted or prostrated by the war," and that "nationals of each country should be accorded reciprocal recognition in foreign countries identical with that accorded in their own country to nationals of other countries."

Many addresses on topics of pertinent interest and wide importance were made before the Conference by distinguished speakers both from America and abroad. At the end of the Conference the foreign delegates, together with representatives of the American delegates, started on a tour of the country for the purpose of obtaining first-hand information about trade conditions in leading industrial centers.

Stacy B. Rankin

Stacy B. Rankin, for twenty-seven years secretary of the Ohio Bankers Association and for several terms president of the State Secretaries Section of the American Bankers Association, died Monday, November 10 At the time of his death he was a vice-president of the Fifth-Third National Bank of Cincinnati.

Major Rankin was a familiar figure at all conventions of the American Bankers Association. That he was held in high and affectionate regard by his many friends is shown by his record in bank organization work. He was the first president of the State Secretaries Section, serving in 1902, when it was organized. He was again chosen president in 1904 and held that office for four successive years. He served as president once more, in 1916. In 1918 he resigned the secretaryship of the Ohio Bankers Association and became associated with the Fifth-Third National Bank.

At the time of his death Major Rankin had just begun to serve a three-year term on the Executive Council of the American Bankers Association. In 1917-18 he was a member of the Committee on Co-operation and Consolidation of Activities of State Bankers Associations with the American Bankers Association.

Federal "Aid" vs. Budget Control

Education, Land and Highways the Main Objects of "Aid"— How Federal Assistance Reacts on the State

By Leo Day Woodworth

Secretary Savings Bank Section American Bankers Association

BANKERS, especially the institutional bankers, the trustees for the working balances or the savings reserve of millions of depositors, cannot afford to overlook a contest of nation-wide scope which is now raging.

It no longer is sufficient to discuss mere systems of taxation. Taxes are the reflex of expenditures. Taxes will not diminish, the need for "war levies" cannot abate, unless the government sets an example of thrift and economy and checks extravagances. This point was stressed by Mr. Robert A. Maddox, in his presidential address to the American Bankers Association in October.

Future tax burdens will be diminished or increased to the extent of *billions of dollars per annum,* according to which of two mutually exclusive systems is permitted to prevail in national finance, viz.:

First, the budget system, with definite responsibility and accountability for expenditures and their results, or,

Second, the "aid" system, with no effective check on waste or assurance of efficiency, yet so constituted as to make increasing appropriations politically certain.

The weakness in representative government which is demonstrated from year to year in pension, local improvement, public building and similar bills, would under the "aid" system attain its greatest development as to costliness and, we believe, inefficiency.

1.—National Budget System

The arguments in favor of a national budget system are too well known to require restating here. To again quote President Maddox, when he presented the matter to the American Bankers Association, "Your Administrative Committee unanimously recommends the adoption of a resolution approving a national budget system for the United States Government, believing a national budget will introduce standards of business in correlating income and outgo and afford information as to the disposition and sources of public funds." (Jour. A.B.A. Vol. XI. p. 643.)

A very considerable step towards control and audit of appropriations was taken recently when pending bills therefor were passed by the U. S. House of Representatives, the House still having before it the resolution to consolidate its appropriation work in one committee.

Pertinent to our discussion is the warning by Hon. James W. Good, of Iowa, Chairman of the House Committee on Appropriations, issued under date of April 3, 1919:

"No committee having jurisdiction of appropriations can bring about the practice of the economies that are necessary unless Congress is in sympathy with the program for economy. *Congress cannot be expected to be in favor of any greater degree of economy than the public will demand,* and unless an intelligent public sentiment is aroused throughout the country for the inauguration of a business-like administration in government affairs and for strict economy in government expenditures these estimates of expenditures will be found to be too low."

2.—Federal "Aid" to States

On the other hand, persons and interests which have been unable to obtain sufficiently lavish appropriations from our cities, our states, or even from the Nation, are seeking to impose their idealistic (and even materialistic) "reconstruction" plans by installing an arbitrary and even autocratic administration which shall reach to all parts of the United States, at the same time disguising the enormous expenditures of public funds which they will require. These funds are to be obtained through grants of Federal "aid" to states which qualify by making further appropriations to be spent under the Federal rules—and at the same time create such a widespread and thoughtless sentiment on behalf of these expenditures as to neutralize checks which scientific budgets would otherwise impose.

Who Urges Federal "Aid."

The motives for asking for Federal aid to states are as varied as are the views of different persons and societies which ask for nationalization of governmental functions and of property ownership or control. These motives range from distinct selfish interest by groups of business men to that of the worshippers of bureaucratic standardization, or even of revolution and socialism. The thoughtlessness of the selfish and the ignorance of what Roosevelt called "the lunatic fringe," both received this merited rebuke from President Nicholas Murray Butler of Columbia University:

"Destructive and reactionary forces are actively at work to turn our representative republic into a Socialist autocracy, to destroy liberty and equality of opportunity and to paralyze the greatest force that the world has ever seen for the promotion of the happiness, the satisfaction and the full development of free men and free women. What we have defended against German aggression and lust of conquest we

must now band together to protect against those more insidious and no less powerful enemies who would undermine the foundations on which our American freedom rests. It would indeed be a cynical conclusion of this war if we who have helped so powerfully to defeat the German armies on the field of battle should surrender, in any degree, to the ideas that had taken possession of the German mind and that led the German nation into its mad war against the free world.

"The most pressing question that now confronts the American people, the question that underlies and conditions all problems of reconstruction and of advance as we pass from war conditions to the normal times of peace, is whether we shall go forward by preserving those American principles and American traditions that have already served us so well, or whether we shall abandon those principles and traditions and substitute for them a state built not upon the civil liberty of the individual but upon the plenary power of organized government."

Under the guise of Federal "aid," groups of self-appointed social reformers and political overhaulers are seeking to establish national bureaucratic control of functions which were never contemplated as necessary or proper for Federal control—which were and probably are generally believed to be within the sphere of "self-determination" reserved to the sovereign states in the Union.

The issue is now drawn between the two lines of future development:

(1) Exercise of personal discretion by all citizens in the voting and control of public welfare projects, for it is a truism that responsibility begets interest and ability; or

(2) Surrender of all such personal discretion to Federal bureaus, manned by political appointees and empowered to rule or wreck according to personal ability or bias or whim—the effects to be nation-wide rather than localized.

Can any such plan develop individual initiative, encourage popular interest, preserve legislature or budgetary checks on expenditures—or lead to anything except a national bureaucratic paternalism?

Projects for Federal "Aid"

A list of the projects for which Federal aid is being urged would be surprisingly long, but is not necessary for our present purpose. Neither will we here condemn the revolutionist nor even criticize the aims of those who charitably seek to overcome the manifold evils to which human kind is heir.

It is with the method of attainment, the desire to escape the slow process of evolution, that we now take issue—for in more than one case we are confronted with a determination to "put over" a raid on the treasury by a stampede of class appeal!

It is difficult to overcome the oft repeated pleas for soldier settlement, improved highways, public employment service, Americanization, illiteracy, conservation of natural resources and manpower, housing, child labor, and many others, each requesting its *billions*. We will discuss only three such movements, the principles being the same in all.

"Aid" for Highways

"It is our custom to proceed by a method of almost inexorable progression in our attacks on the outposts of the United States Treasury. To attack in broad daylight would be too dangerous, so we attack by sapping and mining." We quote Senator Thomas, of Colorado, member of the then majority (democratic) party in assailing an amendment adopted by the postoffice committee to the postoffice appropriation bill providing a fund of $200,000,000 to be used by the Government in aiding states in construction of public roads which are now used, "or which may be made suitable for," transportation of United States mails. Under this, the Senator contended, every cow-path and hog trail could be included. He continued:

"The 1916 act was justified by its advocates on the ground that the Constitution authorized the maintenance of post roads. Many of the ablest of our forefathers disputed any such proposition, but that was in the days when states' rights really meant something, and the people of the states were too jealous of those rights to trade them off for federal money."

He described the phrase "or which may be made suitable for" as a joker. "But to make any point of order," he added, "before a Senate two-thirds of whose members want this money for their constituents, is a waste of time.

"Extravagance such as this affects nobody but the man who pays the money. And what do we care for him? Let him kick! Who cares! The exercise will do him good!"

Commenting on the reason advanced by the committee that building these roads would give work to the returning soldiers, he asserted that he noted the interest of some particular class was often used by the present Congress as an excuse for unwise legislation.

"I remember," he said, "when the members of my party in Congress would rail at the Republicans for being the protectors of class privilege, but I tell you that in my six years of service in Congress I have seen more class legislation passed than ever was passed in the history of the country."

As to the actual mechanics of the first small inroad for Federal "aid" for roads, amounting to only $8,000,000 the first year, the mandatory and standardizing effect of Federal "aid" and the power which thereby can be conferred on a Federal bureaucratic agency, is thus glowingly but one-sidedly painted by an employe in the U. S. Department of Agriculture, (Yearbook 1917, page 8):

"The very conditions laid down by the Federal act as necessary to participation in its benefits operated most powerfully to bring about the establishment and strengthening of state highway departments, the placing of a vast amount of road construction under skilled supervision, the systematizing and correlation of road work so as to provide the improvements most needed to meet the requirements of traffic, the creation of large funds for construction and for maintenance, and the establishment in many of the states of definite provisions insuring maintenance of highways from the date of their completion."

Country roads are already being nationalized by a Federal "aid" scheme put through last winter, on a 50-50 basis. The amount of Federal money now available for this purpose to June 30, 1921, is $266,750,000. This much has come so easy that certain interests have now asked for $100,000,000 to be available in thirty days and $200,000,000 per annum for the next seven years, (Total $1,500,000,000) to build a Federal road system.

How "Aid" System Reacts on States

The reaction from insertion of these munificent subsidies in the Federal tax levy, is indicated by the situation in New York. That state has had two bond issues, $50,000,000 each, for road construction through a system of state aid to counties. One wealthy county declined to bear its share of the cost and therefore lacks the good roads with which its neighbors are favored. But this county has lately resolved that there should be another state bond issue for $100,000,000 that it may get its share of paved roads.

The new line of reasoning by the New York State Commissioner of Highways may indicate a typical viewpoint. He is reported to have said on August 14, 1919: "Of course, it is not conceivable that after the 13,000 miles of improved highways now called for are completed that this great state will stop building roads. It is economically necessary for us to continue to meet all Federal aid appropriations, even if we do no more. No one doubts that after 1921 there will be further Federal aid appropriations, so we could not stop highway construction without losing our portion of this Federal money. In view of this, I believe it is better to go to the people once for a large bond issue than to go to them from time to time for several small ones.

"It should be remembered that asking for a bond issue of $100,000,000 does not mean that all of this money is to be raised immediately for it could not be spent immediately. As with former referendums, the money to be spent *must be appropriated by the Legislature as needed and when it can be wisely spent.*"

This item indicates the absolute helplessness of the states to control half of the cost of construction, all of the maintenance and most of the administration charges which accompany Federal "aid." Also, those acquainted with the acts of New York's recent spendthrift legislatures will doubt the wisdom of having a $100,000,000 fund available for a grand scramble by contractors, localities, and politicians.

"Aid" for Land Reclamation

The wide propaganda on behalf of a particular plan for furthering land settlement, which propaganda has been conducted at a large cost to taxpayers, is too recent to require description. The land settlement bill now pending in Congress is popularly referred to as a plan for soldier settlement, but it really has no special relation to the returned soldier question. It is nothing more nor less than an appropriation at once of $500,000,000 to be spent in the United States where and as the Secretary of the Interior may wish for reclamation projects and social experiments, the act requiring neither Congressional approval of expenditures nor effective report or audit.

The Federal "aid" involved in this bill is on a basis of 75 to 25. In advance of its enactment, a model law has been recommended by Federal officials for state enactment and about half of the states have made appropriations contingent upon the granting of this Federal "hand-out."

Futhermore it is important to consider the relation of this munificent scheme to our twenty-year old reclamation service which is fed by vicious *continuing* appropriations, which has never been the subject of an audit, or even of a thorough report on results. It is alleged by a land nationalist, who recently resigned his Federal sinecure to head a Bolshevist movement, that on one of the United States reclamation projects of the west 580 out of 898 settlers abandoned their purchases, and that such a condition is the rule rather than the exception, many settlers being unable to meet their instalments.

The reaction on state officials of Federal "aid" for reclamation projects, is exampled by a recent statement by the Governor of New Jersey on the need for drainage of 20,000 acres of swamp lands which are "the most fertile in all New Jersey," where floods this year destroyed $200,000 of crops in Morris county alone. He said:

"The Federal Government has assisted in the reclamation of vast areas of swamp lands in Florida and in central western and southwestern states, and Jerseyites have great hopes of receiving aid from Uncle Sam in its big problem * * * Whereas the project may cost a million dollars, it is said that it would increase the ratables of the state by ten times that amount."

"Aid" for Education

The state educational systems are also the objects of a 50-50 Federal "aid" bill which the school teachers are favoring. Is a Federal bureaucracy so certain of efficiency, is the teachers' union so sound in the social and political doctrines which it preaches to the young, that one political appointee is to be allowed to mould the plastic minds of the children of the entire nation?

The argument of Charles H. Judd in the *Yale Review* for nationalization of education is based on frequent local incompetence. On the other hand, as said by the *N. Y. Evening Sun,* "salvation may well lie rather in curing local troubles than in flying to the certain inepitudes of Federal rule," resulting in a dead level of standardization. The same paper previously had stated editorially that this Federal "aid" project is but a "further step toward paternalism, in line with the desire to hand everything over to the Federal Government, to the detriment of individuality and of the states"—attention being called to the strikingly different ideals of old settled communities like Connecticut and Massachusetts and those of Idaho or New Mexico, and to the distinctly local problems in cities like Chicago and New York with their enormous, foreign born, illiterate populations. "From another aspect it looks like a 'job.' It must create a larger bureaucracy, with many fat positions and a massive

payroll; a new army of office holders. We have quite enough of that already."

But now the argument runs that the national government must "*restore the balance which it has destroyed* in the several state school systems" by subsidizing and promoting vocational, agricultural and domestic education under the Smith-Hughes, Smith-Lever and other Federal "aid" laws, "by devoting a fund now to civic, humanistic and health education." This argument being advanced by A. Caswell Ellis, extension director of the University of Texas. (*Survey,* March 15, 1919, p. 869.)

How many of the new Federal "aid" projects will likewise destroy a balance which later must be corrected?

Meaning of "Federal Aid"

Federal "aid" is an insidious and illusive phrase. Do the states and localities, do taxpayers, do dealers and investors in the tax exempt securities with which "aid" is financed when taxes fail—do any of us quite know what we give up in order to receive what many regard as a largess from a Great White Father at Washington?

Financially, Federal "aid" confers no largess. The munificence is charged back sooner or later to the taxpayers—and too often the "aid" is a mere cloak to cover a grant from the public treasury to some favored person or community which equitably should be assessed therefor according to the benefits received—as in the New Jersey case cited above.

As a matter of cold fact, the Federal Government has no present income with which to furnish "aid"—*more* tax exempt bonds, or *new* levies upon the nation's income, are inevitable if we plunge further into such projects. Or it is quite possible that the new levy would take the form of a national tax on real estate.

As to the resulting extra appropriations by the states and localities—have we not seen enough of the waste and inefficiency of every system of mandatory legislation such as raises the popular cry for "home rule" in every city in the land?

Should we now superimpose the power and expense, the inefficiency and irresponsibility and extravagance, of Federal mandatory, legislation under the guise of "aid" to the state?

Lack of responsibility is the great evil in our political system. Could it be made weaker than by further dividing authority between local, county, state and national officials as, for instance, in educational matters?

On the point of nationalization, one who fears for our well-tested system of political divisions is Professor George Burton Adams, of Yale, who has said:

"The fundamental principle of Federal government—unity in things that are common, diversity in things that are locally different—renders possible for a vast territory a central government that is real and strong within and without, while allowing without danger full and free scope to local differences of condition, advancement, and need. It is the peculiar glory of the United States to have demonstrated this possibility for the first time in history. The bane of great empires has been local differences of condition and civilization which, under a unitary government, they have thought it necessary to crush and destroy. They have themselves in the process been broken and destroyed.

"The one great contribution of the United States to practical government in the world has been to show that strong government is possible for a great empire with the freest existence of local diversities. It would be a tragic pity if the American people should lose an understanding of their own government and forget its greatest service to mankind just at the moment when it seems that Federal government may receive a world-wide extension in the reorganization of the British Empire, and possibly even in a league of nations for permanent peace. For our form of government would be adopted in these cases because of the very principle we are proposing to violate."

"In connection with the prosecution of the war," says Charles Evans Hughes, "we have practically obliterated state lines. Does this mean that as we return to peace we shall find our Federal system irksome and an anachronism? The people who are instinct with the love of freedom cherish local self-government. The right of self-determination inheres in the local community and we mouth vain words in talking of the rights of small states, of self-determination, and of the priceless liberties of mankind, if we do not recognize that it is precisely the freedom from outside control in purely local affairs which is the essential foundation of democratic institutions. I believe that we are not disposed to surrender that principle."

"Are we today less jealous of our liberties than our forefathers?" asks Frederick P. Delafield, of New York, who continues: "In the hour of peril no one begrudges his all to his country, but the business man, who has learned to his bitter cost the meaning of the words 'the power to tax involves the power to destroy,' and who now submits uncomplainingly to a destructive system of taxation admittedly designed by the party in power not primarily to raise revenue for the prosecution of the war, but to punish certain classes and sections of the country, is naturally led to ask a definition of the 'ordinary times' when it will be safe for this country to return to its normal form of government under which in the past its people so grew in wealth, power and individuality as to make them a determining factor in the present conflict."

Conclusion

In short, if the American public intends to nationalize any function let the issue be made clear, let the administrative responsibility be clearly placed and let the tax burden be clearly assumed.

In its present form, a more costly and irresponsible and ineffective plan than Federal "aid" through Federal grants and bureaucratic control could hardly be devised.

The institutional bankers of America have peculiarly close contact with and responsibility for the economic welfare of all citizens, all classes, all interests.

Their stand on such a fundamentally unsound and increasingly costly principle as Federal "aid" should be as pronounced as is their stand on behalf of a budget system. They should collectively and individually make their position known *at once* and continuously to their hard-pressed Congressmen—and be free in furnishing advice and information to the executives of their national organization if it is to live up to its great responsibilities.

War Department Finances

New System Worked Out During War Emergency Provides a Service That Benefits Both the Contractor and the Government

By Brigadier General H. M. Lord
Director of Finance, United States Army

UNDER orders issued by the War Department, the Director of Finance is charged with responsibility for and authority over the finances of the military establishment. The orders which place him in charge of all work in connection with the expenditure of and accounting for funds of the War Department resulted in the abolition of the independent disbursing agencies maintained by each bureau of the War Department, and the creation of one centrally located finance office in each army camp, station and important commercial city.

In New York City, for example, the Zone Finance Office is located at 461 Eighth Avenue where the business formerly transacted at five distinct points in the city has been consolidated. Similar consolidation has taken place in Boston, Philadelphia, Baltimore, Chicago, Charleston, St. Louis, San Francisco, New Orleans, San Antonia and other points in the United States.

Prior to this consolidation a contractor having a properly certified bill against, for instance, the Ordnance Department was unable to secure payment of that bill in the office of the Quartermaster Corps disbursing officer although the disbursig officer in that office migh have millions of dollars of government funds to his credit. The merchant was required to take the bill to the proper office. In some cases a specific bureau did not maintain a disbursing office in a city where three or four other bureaus maintained disbursing offices, and in such cases contractors were obliged to forward their bills to Washington or some other distant point.

This inconvenience to merchants and very apparent unbusiness-like procedure was one of the reasons for the creation of the Finance Service. An independent financial bureau of the War Department was created for the emergency and legislation is pending in Congress to perpetuate this arrangement, which was worked out so well during the emergency in behalf of both the Government and the merchants.

The merchant is benefited because it has become possible to so standardize the financial transactions of the entire War Department that he no longer has to learn a new method of doing business with each of the ten present bureaus of the War Department, and he is able to secure prompt payment through one office no matter how many bureaus he deals with. The Government is benefited because of the many obvious economies in personnel, office rental and general overhead expenses. The reduction in the number of actual disbursing offices has simplified the accounting work at Washington; and the creation of the Office of the Director of Finance has provided an agency by which all financial matters and problems of the War Department are studied and solved in an unbiased manner.

The finance service assumes the burden of paying all bills submitted to it and looks to the procurement officers of the War Department for such evidence as may be necessary towards the prompt payment of such bills. It is a "service" which assists the merchant in securing prompt payment, handles intricate Treasury accounting problems for procurement officers, and safeguards the interests of the Government in seeing that its funds are expended pursuant to the laws of the land, and more important still, it takes from the agency that obligates the duty of paying the bills thereby affording an audit by an independent agency before payment is made.

In addition to disbursements in connection with bills rendered by contractors for supplies and services furnished to the several bureaus of the War Department the Director of Finance is also responsible for all payments to the officers and enlisted men of the army. In connection with payments to enlisted men the Director of Finance administers the law (U. S. Comp. Stat., Vol. 4, §§ 2193-2195) relative to deposits of soldiers' savings; and at the close of the fiscal year 1919 there remained to the credit of 254,471 soldier depositors, the amount of $7,634,140.37 in deposits on which the Government pays four per cent. Payments to soldiers are made in most cases on the first day of every month.

The bookkeeping connected with the disbursements referred to above is centralized in the Office of the Director of Finance at Washington, D. C. This new Bureau of the War Department contemplates the establishment of a standardized accounting system which will compare favorably with the systems followed by the large commercial institutions of the country. This system of bookkeeping will be of use in compiling and coordinating estimates for appropriations prepared by the Chiefs of the War Department bureaus and will serve to furnish the statistical data usually required in up-to-date organizations.

New Spirit of America

Recognition of the Rights of the Common People in Economic Life—The Federal Reserve System in War and in Peace

By Henry A. Moehlenpah
Member of the Federal Reserve Board

AMERICA is standing at the threshold of an era of national greatness such as no other people in history ever has experienced. In the immediate years before us we are to create and assemble greater wealth than that amassed by any other nation of all time. Prosperity is to be thrust upon us. Already we are rich, but we cannot escape getting richer. However, it is not riches alone that shall make us great, but rather the way we shall wear them. Our greatness is to be determined by the uses to which we put our accumulated wealth, our accumulated leisure and our accumulated energy. When I think of America's greatness, I think of great service, great love, great wisdom—service which recognizes the need of the world, love which embraces the brotherhood of man, wisdom, which is convinced that honesty is the best policy for nations even as for individuals. Most of all, when I think of America's greatness, I think of our great example to the other nations.

If I can show that America is to be very rich, even much richer than it now is, perhaps there are some who will not be concerned about the other parts of this prophecy. However, it is not possible to divide this forecast, for the prospect for riches is but an incident in the opportunity for national greatness, an incident dependent upon service. Nevertheless, America is to be and long will remain the greatest nation of history, not only great in wealth but also great in service, great in love and great in wisdom. For a significant change has come over the spirit of America in the last eight or ten years, which places human and spiritual things above material things. The great war and its lessons of co-operation are responsible in a large meaure for this, but there was a general tendency in this country towards this thing we call the new order distinctly noticeable before the necessities of wartime team-work crystalized and emphasized a new code.

Spirit of Fair Play in Business

This change in the spirit of America fundamentally has been a change in the heart and purpose of the people. It finds expression daily in the new attitude of the heads of great business institutions towards their employes, and is reflected in many policies and activities of government.

The statement of Oliver Clyde Fuller issued to the employes of the First Wisconsin National Bank when he assumed the duties of president of the consolidated institutions is typical of the new order. He said:

"In this great country of ours the only limit to the height any man may attain is the limit of his own energy and ambition.

"Let me assure you here and now that in the First Wisconsin National Bank—and whatever I say of the bank applies with equal force to the trust company—diligence and integrity will be recognized and rewarded, and the employee who combines these qualities with initiative and intelligence may class himself and, in due season, will be recognized as part and parcel of the management."

An article in the Journal of the American Bankers Association written by Walter Kasten, also expresses the new spirit. He said: "The bank is more than merely a seller and buyer of monies and credits. It is the cross-roads of the entire economic system. It must take an interest in the great mass of people who individually have small accounts but collectively vastly important. The banker in the future must provide a means for the small saver to invest his gleanings in some sound security that will give him a higher yield than the three per cent of the savings bank."

Another expression of this new spirit is found in a statement issued by Fred Vogel to the superintendent and foreman of the great Pfister-Vogel tanneries. These sentences are significant: "Don't coddle the men and don't cuss them. It is reported from the army that the officers who did the least bawling out got the best results. Try the human relation stunt and see how it works. The spirit of co-operation must be built up throughout the entire plant. Consideration for the men is one of the most necessary elements in gaining their confidence."

Let us assemble for review some of the figures which show how rich we have become and how rich we may become.

Effectiveness of Federal Reserve System

We shudder when we think of what might have happened in this great world crisis if we had not had the Federal reserve system established and in working order. If we had been told at the beginning of the world war in 1914 that we should be called upon to pay four millions of dollars, being the balance in trade due Europe, and that almost four billions and one-half of the securities of our country owned abroad would be dumped upon our exchanges for immediate sale to replenish the exhausted treasuries of the battling nations, and in addition were told that besides we would have to furnish ten billions more of loans to the allied nations

besides the twenty billions necessary to arm and equip the armies of America, there is not a citizen of this republic who would have dared to say we could have done it. Yet this tremendous task has not only been accomplished but we stand today the great creditor nation of the world.

If an amount of money equal to all the money on deposit at the present time in England, France, Italy, Germany, Norway, Sweden, the Netherlands and Japan were withdrawn from the present amount on deposit in the banks of the United States, there still would be more money on deposit in the banks of America than there was in the year 1914. And yet, some people say, in the face of the fact that we have three billions of gold in this country at the present time (two and one-fourth billions in control of the Federal reserve system and the United States Treasury, and the other three-quarters of a billion in the pockets of the people or in the vaults of the state banks) there is danger of over-expansion of our currency. They are not counting as they should upon the recuperative power of this great republic.

With thirty billions of debt, ten billions of which is due us by the allied nations, leaving a net debt of twenty billions, it still remains a fact that it is only eight per cent of the wealth of our nation. As a young republic, less than one hundred years ago, with less than ten millions of population, we owed Europe more in proportion than Europe owes us at the present time. Does anyone doubt that if this country with its scanty resources of those early days was able to pay this debt before 1840 the great thrifty nations of Europe will pay their debt to us? It is absurd. They need our help and we must extend them credit; but when we do this it means for the next decade the greatest prosperity for the artisan, for the farmer and business man of this country that he has ever experienced. This calls for a new vision, a new grasp of this enlarged opportunity.

Since this war came upon us, all the currency of this country based upon the deposit of gold and silver has been largely retired, and this gold is now in the vaults of our country. In place of this currency has come the Federal reserve note, the best currency medium of the strongest and wealthiest country on the face of the earth. Behind every dollar of the Federal reserve note in circulation today, this government has 40 per cent of gold, plus one hundred per cent of the credit of the farming, commercial and industrial interests of our country.

The Federal Reserve Act is the very cornerstone of the new edifice we are erecting. The act was conceived in consideration for the other fellow. It guards the rights and extends the opportunities of the average man. It curbs and holds in check the greed of the powerful. It has proved a pillar of strength in a time of great trial. It made it possible for America to raise twenty billions of dollars with which to finance itself during the war. It enabled this country to pass from a debtor to a creditor nation—to pay the four hundred millions of dollars in balance of trade due Europe to absorb the outstanding four billions of stocks and bonds of American corporations held in foreign countries without any disturbance to their value—and also to lend to European nations, allies and neutrals, the ten billions of dollars necessary for them to weather the storms of war. And all this has been accomplished under the Federal Reserve Act without the concentration of capital in Wall Street such as surely would have resulted in panics and financial disaster.

Federal Farm Loan Act

The Federal Farm Loan Act though in operation but about two years and a half, has operated to reduce and stabilize the rates of interest on farm loans throughout the entire country, and has resulted in supplying to the farmers upwards of three hundred millions of dollars at reasonable rates and on convenient terms. This act is another evidence of the changed spirit of the age. This great activity of the government promises much for the future of agriculture, much for the comfort and attractiveness of farm life, and much for the increased production of American farms. It was conceived in a desire to raise this underlying industry to the dignity of the great business it is, so that when funds are needed by those who produce the food of the world, the industry shall not lag for want of money.

Problem of Production

With this gold reserve of which we spoke a few minutes ago, we have but one problem to meet, and that is the problem of production. With this production must go as the handmaid for many years to come, thrift and economy of the strictest sort. By this method alone we can take up the slack caused by this world calamity. We must provide the incentive to increase this production immediately. You ask how. No man can answer. It certainly will not come from the legislative powers. It cannot come from a collective bargaining that considers only a small fraction of the laboring classes. To my mind we must meet it along co-operative lines. Employers of labor certainly cannot come from this great war and go back to the old methods and old ideas of competition. I am convinced that along the profit-sharing plan will be just the approach to this problem. You will note that I have not said stockholding, nor bargaining between capital and labor to coerce and corral labor, but you give them what they are entitled to, a just share for all the production from their hands. Labor is not seeking charity. It wants only justice. And when we have developed a plan which will provide justice for the workers of this country, we shall have gone far towards ridding ourselves of strikes and lock-outs and all the disorders that follow in their wake.

A part of my task will be to bring the soil of America the farmer and the small banker into closer relationship with the great financial organism of this country. That part of my task will not be difficult, for already the stage is set and the government is responding intelligently and conscientiously to the demands of the new spirit of America.

The Washington Memorial at Valley Forge

Suggesting a Plan for a Memorial to Robert Morris, America's First Banker

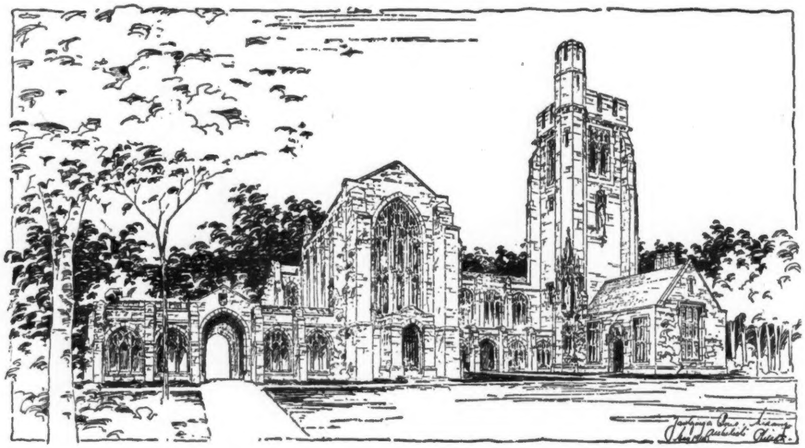
By Freas Brown Snyder

ROBERT Morris financed the struggling colonies through the Revolution, laid the foundation of American banking in establishing the Bank of North America in Philadelphia, and died lonely and unappreciated from an illness contracted during several years incarceration in a debtors' prison. He anticipated the personal solicitation methods of our Liberty Loan campaigns by stopping his friends on the streets of Philadelphia and on behalf of the Treasury of the Colonies, of which he was Superintendent, borrowing five dollars to buy shoes for soldiers at Valley Forge.

Age brings to a nation, as to individuals, an affection for and appreciation of its beginnings. Our country has aged rapidly since the Spanish-American War and with this maturity has come greater reverence for our historical landmarks. Faneuil Hall, Old South Church, Mount Vernon, the Pringle House, Independence Hall, the Betsy Ross House, are shrines of liberty which the governments, federal, state and local, have joined in preserving. The individuals who made our history have been less often honored in this way, but their memories have been perpetuated by organizations, patriotic, religious, or craft, particularly close to their personal sides. There are statues to the historical figures in the churches erected by the various secular bodies, to great musicians built by the funds of musical societies, to soldiers and patriots, for which the Daughters of the American Revolution are largely responsible, to authors, painters, educators, each evidencing the regard of that part of the body politic most influenced by their lives and examples.

The bankers of our country can point to but few such good works on their part. Particularly has Robert Morris been neglected. It is but relatively a few years ago that, through the efforts of the Pennsylvania Bankers Association, his grave was properly identified.

An opportunity now opens to the bank men of America to erect a memorial to the founder of their business in this country. Its eminent suitability and appropriate character can be best explained by a brief description of the Washington Memorial at Valley Forge.



The Proposed Washington Memorial

Valley Forge, including all of its immediately surrounding historical points, is a Pennsylvania state park under the jurisdiction of an appointed commission. The redoubts, entrenchments, graves, Washington's Headquarters, the Camp School House, the blacksmith shop, the forge on Valley Creek from which the spot took its name, have been restored where it was possible, or the sites have been appropriately marked. The United States has erected an imposing arch and dedicated it to the soldiers of the

Continental Army. Of the original thirteen states, Massachusetts, New Jersey, Connecticut, Delaware and Pennsylvania have erected memorials to their brigades.

Some fifteen years ago an Episcopal clergyman with five dollars and a vision came to Valley Forge. He believed that a Chapel to Washington's memory embodying in its architecture and symbolism, our colonial history should be erected on this sacred ground. His first congregation consisted of three women, a man and a child, and one woman with the child had come into the temporary structure of rough boards in which the parish worshipped for many years, to escape a rain storm.

From that inauspicious beginning, the Rev. W. Herbert Burk has, without state aid, raised and expended $265,000 on a structure fittingly called the "American Westminster."Not a single article of mediocre workmanship mars the wonderful ensemble. The Curator will patiently wait for years to raise the money rather than to dishonor the memory of the patriots by slipshod workmanship. The completed structure will involve a total expenditure of $750,000, and will comprise the Cloister of the Colonies, Washington Memorial Chapel, Patriots' Hall, the Thanksgiving Tower and the Memorial Library.

The Cloister of the Colonies is completed to the extent of nine of the thirteen bays. The New York bay includes a beautiful open air pulpit facing the Woodland Cathedral in which elm trees from Mount Vernon have been planted in the form of a cross. In the garth is a bronze statue in honor of the Mothers of the Nation.

The Memorial Chapel is finished except as to a few of the windows. The windows tell the story of the nation pictured in glass and the Window of Development is a memorial to Robert Morris. The strong box used by him in the Revolution has been loaned to the Chapel to receive the gifts of patriotic visitors by which the work is largely supported.

The Chapel is sheltered by the Roof of the Republic, containing a panel bearing the arms of each state, arranged in the order of their admittance into the Union. It is guarded by the Washington Gate, one of the finest American specimens of hammered iron work, and contains the Pews of the Patriots, the choir stalls in memory of the Brigades, the screens commemorating the Major and Brigadier Generals at Valley Forge. the "Hovenden Tablets" to the signers of the Declaration of Independence, and the framers of the Constitution, the Washington-Burk Statue "Valley Forge," the "Sedalia" dedicated to Washington's rectors, and many other symbolical memorials, constituting a collection unequaled in importance and patriotic inspiration.

Surmounting the whole group of buildings, when completed, will be the Thanksgiving Tower, one of the noblest monuments at Valley Forge, commanding a view of the entire encampment. The money for this purpose has not been raised. The cost is estimated at $50,000.

Why should not the bank men of America raise this amount by subscription, as a thanksgiving for the successful conclusion of the World War and dedicate it to the memory of Robert Morris, America's first banker?

The American Bankers Association would represent the bank men of the nation as a whole, the banking associations of the thirteen original states have a peculiar right to an important place in the work, and the American Institute of Banking and the Robert Morris Club add a fitting element to complete a preliminary organization.

Association Announcements

Membership Dues

Members of the American Bankers Association have previously been notified that drafts for membership dues covering the fiscal year beginning September 1, were forwarded by the Treasurer, James D. Hoge, through the Union National Bank, Seattle, Washington. It is gratifying to report that collections have been made for 84% of the total amount of drafts drawn and remittances are being received daily. The members who have not yet remitted for dues are requested to send their check promptly to the Union National Bank at Seattle.

The insert which accompanied the drafts should be placed in the metal sign indicating membership, which sign should be displayed in a conspicuous place over the paying teller's window for the sign is a real protection to members as it is a warning to criminals who might otherwise commit depredations. If the sign has been misplaced, the office of the Association should be notified at once so that another may be forwarded.

To date, 20,450 members are enrolled, which clearly indicates that membership in the American Bankers Association is valued.

Convention Badges

Some of the official badges issued by the Association for distribution at the St. Louis convention are on hand and they will be sent to members desiring them, in order of application received, and until supply is exhausted. They consist of delegates', men guests' and ladies' badges. Members are requested to state the kind of badge desired.

Segregation of Savings Deposits

By Raymond R. Frazier
President Washington Mutual Savings Bank, Seattle

ALL authorities are agreed that the lack in many states of regulatory legislation affecting capitalized banking institutions which cater especially to savings depositors, creates a condition which is, to say the least, lamentable. This condition is pregnant with disaster to the banking fraternity and may at any time be the cause of untold suffering to the very classes of our people who can least afford to lose their savings. Authorities in the eastern part of our country have referred to this condition in the State of Washington as "bordering on crime." In other words, our friends from other states look upon us as negligent almost to the point of criminality in our failure to provide adequate savings bank laws.

The Washington Failures

We had an example in Seattle in 1917 of what the neglect of the Legislature and the banking men of this state, who are primarily responsible, could cause of suffering to thousands of innocent people within the period of a single week, when four duly chartered banking institutions, which had been very aggressive in soliciting savings deposits, were required to close their doors. The savings depositors, as usual, were the keenest sufferers. As savings depositors they had the right to, and no doubt did actually believe that the law of this state gave them special protection. They had a right to and did, no doubt, believe that their savings funds had been invested by the bank receiving them in legally restricted securities, and held by the bank for the special protection of savings deposits. But such, as you well know, was not the case.

The savings funds of the thousands of hard working men, women and children which the state had permitted those banks to accept as savings deposits had been commingled with the regular commercial deposits of those banks and these savings funds were invested like all other funds of the bank without special restriction of any kind. If the banks did happen to carry a certain percentage of high grade bonds and mortgages, it was not for the special protection of the savings depositor, because, under the law, commercial banks and stock savings banks in this state are not required to segregate savings funds from the regular checking or demand accounts.

Taking advantage of the general excitement caused by those bank failures, there was rushed through the Washington legislature then in session a bill designed, first, to restore confidence among the people generally, and secondly, to prevent, if possible, a recurrence of the calamity. The system thus established is known as the "Washington Bank Depositors' Guaranty Fund."

It must be admitted, however, that this expedient does not reach the heart of the savings problem, since under the system there is no attempt to remedy the evil of the commingling of trust funds with demand deposits, nor does the law referred to attempt to give protection to the savings depositor incident to the segregation and restrictive investment of his funds.

And I do believe that the most sincere and ardent advocates of that system, as it has been written on the statute books of our own state, will agree with the proposition that it is up to the banking fraternity of Washington to go before the legislature with a definite program of savings fund legislation to insure that its savings, trust and commercial funds shall be segregated, that the savings funds shall be invested in a restricted class of securities named in the law, and that such securities must be held for the separate protection of the savings depositors.

Departmental Banking Approved.

California has such a law, and I wish to quote from a letter from Mr. J. S. Drum, of the Savings Union Bank and Trust Company of San Francisco, who, since 1909, has been Chairman of the Legislative Committee of the California Bankers Association. Referring to the Departmental Banking Act of California, Mr. Drum says:

"To my mind, the decided trend of the times is to unite the activities of credit and investment in one institution and to do a trust, savings and commercial bank business. When this is done it seems to me almost a necessity to create separate departments for the transaction of each class of business. Only in this way can the proper safeguards be given.

"The law has worked very satisfactorily in California for the reason that if it is found that any particular provision makes it difficult to do business, our Legislative Committee acting in co-operation with the State Superintendent of Banks is able to secure any fair and reasonable amendment thereto. By reason of this policy, we are able to keep abreast of the banking development of the country."

And from Charles F. Stern, Superintendent of Banks in California:

"The result of this law has been the maintenance of absolute integrity of assets in the savings department, a very wide capacity for the organization of credit in the commercial department, and the indulgence of fiduciary activities in the trust department. Each business segregated as to capital and assets and liabilities proceeds within its own limitations and is free from any invasion or hazard that might arise from the operations of any other department. We have found the operation of this system to be particularly grateful in connection with savings which are protected to the highest degree by laws establishing a limited and very selected line of security. We feel

quite able to recommend the system as one commanding the serious attention and approval of the bankers of your state."

Departmental banking is undoubtedly here to stay and while, as a mutual savings bank man, I would naturally prefer to see all savings banks conducted along mutual lines just as they are in New York and New England, it nevertheless must be recognized that it is now too late to expect so much for Washington and other western states. Also it must be admitted that capitalized state banking institutions are entitled to such share of the savings business as they are able to get—provided they assist in the enactment of proper savings bank legislation involving segregation of savings funds from demand deposits, and the investment of such funds in restricted securities for the sole protection of the savings depositor.

Effect of Withdrawal Notices on Deposits

It will be admitted that under our present law banks must pay ordinary commercial deposits on demand, but may require a savings depositor to give notice of intention to withdraw his funds; and that this may, at any time, work to make of the savings depositor a *deferred* creditor, whereas he should in justice be a *preferred* creditor. Savings depositors usually are inexperienced in business, and that is just why they entrust their savings funds to you.

It is your plain duty, therefore, to see that banks are required by law to recognize and treat such funds as "trust" funds. Until we urge the adoption of such a law we are negligent of our plain duty to society; and it is for these reasons that I beg of you banking men to measure up to your responsibilities to the tens of thousands of wage earners in our beloved state and take the initiative in this matter.

No worthy citizen wants any revolutionary laws enacted here, nor anything done that will unduly embarrass the conduct of legitimate business; but in states which, like Washington, permit every state banking institution to accept trust funds without any special restrictions on how they shall invest them, and without legal prohibition against commingling of those funds with ordinary demand deposits, no thoughtful banker of integrity will question that there is a heavy responsibility resting upon him.

And this responsibility will not and can not be discharged until he has helped to remove this outstanding defect in his state banking system.

OFFICIAL NOTICE

STATEMENT FOR OCTOBER 1, 1919

Statement of the Ownership, Management, Circulation, Etc., Required by the Act of Congress of August 24, 1912, of the Journal of the American Bankers Association published monthly at New York, N. Y., for October 1, 1919.

State of New York, County of New York.—Before me, a Notary Public in and for the State and county aforesaid, personally appeared George Lewis, who, having been duly sworn according to law, deposes and says that he is the editor and business manager of the Journal of the American Bankers Association and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor and business managers are:

Name of—	*Post office address—*
Publisher, Fred E. Farnsworth	5 Nassau Street, New York, N. Y.
Editor, George Lewis	5 Nassau Street, New York, N. Y.
Managing Editor, None	
Business Manager, George Lewis	5 Nassau Street, New York, N. Y.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent or more of the total amount of stock.)

Name of—	*Post office address—*
The American Bankers Association	5 Nassau Street, New York, N. Y.

(A voluntary, unincorporated association of 20,341 banks; Robert F. Maddox, Atlanta National Bank, Atlanta, Ga., President, and Fred. E. Farnsworth, 5 Nassau Street, New York, General Secretary.)

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.) None

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is.......................................
(This information is required from daily publications only.)

(Signed) GEORGE LEWIS,
(Signature of Editor.)

Sworn to and subscribed before me this 18th day of September, 1919.

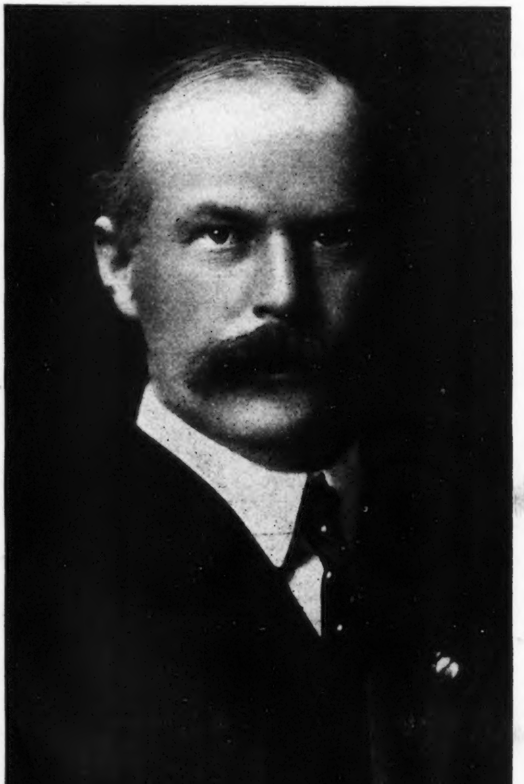
[SEAL]

(Signed) HERRICK J. SKINNER,
Notary Public Bronx County, No. 26.
Certificate filed in New York County, No. 45, New York.
(My Commission expires March 30, 1921.)

Guy E. Bowerman Elected General Secretary of the A. B. A.

THE Administrative Committee of the American Bankers Association announces the selection of Guy E. Bowerman of Idaho as General Secretary of the Association to succeed Frederick E. Farnsworth, resigned. Mr. Bowerman has accepted and will assume the duties of his office January 1, 1920.

Guy E. Bowerman was born at Coldwater, Michigan. He began his banking career in South Dakota, where he spent fifteen years before going to St. Anthony, Idaho, some twenty years ago. He organized the First National Banks of St. Anthony, Ashton, and Driggs, Idaho, in which institutions he later disposed of his interest. He participated actively in the organization of the Idaho State Bankers Association and his talent for organization work, coupled with his own personal interest in the passage of necessary and beneficial banking legislation, resulted in his being honored a number of times by the organizations with which he became identified. He has been president of his District Bankers Association and of the Idaho State Bankers Association, vice-president of the American Bankers Association for the State of Idaho, and in 1915 was elected a member of the Executive Council of the American Bankers Association for a three-year term. He has also served on the State Legislative Council and the Federal Legislative Council. He is at present interested in banks at St. Anthony, Sugar City, Rexburg, Rigby, and Brookland, Idaho, as well as two banks in Salt Lake City. He is also vice-president and director of two banks and a director of the Home Fire Insurance Company at Salt Lake.



Guy E. Bowerman

Mr. Bowerman's service to his state in a broader way may be realized from the fact that he served as a member of the Idaho Legislature and was chairman of the Appropriations Committee of the House. He was a member of the Idaho Committee on War Activities and is at present Commissioner of Finance for the State of Idaho. This office he accepted at the urgent request of Governor Davis in view of Mr. Bowerman's known ability to handle intricate details of state finance including the subject of taxation.

Mr. Bowerman is a man of independent fortune, for besides his banking interests he has an extensive investment and real estate loan business, which it has taken many years to build. His broad experience in banking and business affairs, combined with the fact that his training and environment enable him to get the viewpoint of the country banker, makes Mr. Bowerman an ideal man for the office of General Secretary of the American Bankers Association. He possesses a commanding presence, unusual dignity, and a pleasing personality.

The regard in which Mr. Bowerman is held in his own community is shown by the fact that he has served as mayor of the city of St. Anthony and has been honored by high office in the Masonic fraternity of which he is a member.

Mrs. Bowerman is a woman of unusual culture and is well known throughout the west by reason of her activities in women's club work. They have one son, Emerson, who left his work at Yale to spend two years in France with the Red Cross during the war.

The Administrative Committee believes that in Mr. Bowerman it has selected a man whose personality and training make him peculiarly fitted to be of inestimable service to the American Bankers Association.

New Form of Swindling Game

By Thomas B. Paton, Jr.

Assistant General Counsel

THE attention of bankers is directed to what seems to be a new form of swindling game which has been successfully practiced against some member banks who have written in letters of complaint asking the good offices of the Association for assistance.

This so-called swindling game is interesting, to say the least, but when its practitioners by their subtle ingenuity and trickery are able to inveigle real dollars from successful bankers who are not ordinarily fooled, it becomes a serious matter which can and will be stopped provided this word of caution reaches every one concerned.

An actual occurrence will illustrate how easily an enterprising and credulous banker can be robbed of $100.00.

An agent who says he represents a big credit corporation enters a bank, and, by reason of his neat appearance and good bearing succeeds in meeting the cashier. "Mr. Cashier," he says, "we are putting out a rating book containing names of corporations, firms and business men having a first-class capital rating, for confidential use. The book is on the same order as Dun's or Bradstreet's, and, while they pay you nothing, we agree to pay you 25c for every name we rate based on the reports which you send in. I see that you have about 40 stores which means 40 ratings four times a year, or 160 ratings at 25c each, which amounts to $40.00. You also have about 100 farmers, which when rated four times a year means 400 ratings which at the rate of 25c each amounts to $100.00. With this contract running three years at $140.00 a year, your profit from ratings alone will be $420.00. Then there are collections. If you return as many as three a day, there will be, on the basis of 300 days, 900 collections in a year upon which we can show you how to get 25c each. This will amount to $225.00 for one year, and $675.00 for three years. Your total return for three years from ratings and collections, by adding $420.00 and $675.00, will be $1,095.00, which amount is practically a sure profit. We will guarantee to continue your bank representation until it does amount to $300.00, in any event, no matter how long the contract must run. Here are checks from bankers you must know. Here are banks who have renewed their contracts. Do you for a moment think that *they* would renew their representation after three years unless they had made money? Besides I promise you an up-to-date and complete rating book twice a year, and also a bank directory. Under our contract is a stipulation that we will publish in our book the name of your bank as the only bank in this town to which all of our subscribers will be referred by us for business. All of these benefits you can have simply by payment in advance of $100.00."

After hearing such attractive offers and especially after examining the renewal contracts and the checks of his banker friends in payment, the cashier will enter the contract with the feeling that he is playing safely and being largely influenced by the alleged fact that other bankers of his acquaintance have benefited.

This is what happens. Having swindled the cashier to the extent of $100.00, the company does not live up to its contract. This is what one banker writes in explaining how he was taken in by a very smooth-talking salesman: "I have no doubt that many other members of the American Bankers Association have been taken in the same way we have, as the thing that 'sold' me on the proposition was the fact that the agent had a dozen or fifteen checks with him, all of dates only a few days prior to signing up his contract with us. On a number of his duplicate contracts, presumably covered by these checks, he showed them to be renewals of previous contracts. I now seriously doubt if they were renewals, but were probably altered contracts to make them read like renewals. As for publishing only the name of my bank to represent the town, I soon found out that the names of other banks in this town were also published in the book."

Bankers should familiarize themselves with the operations of such companies so that they can guard themselves against any such false representations. These skillful swindlers can only operate successfully provided they catch a banker unawares, and, in the case pointed out, had the victim taken the trouble to examine the supposed renewal contracts and the dates on the checks, the chances are he would not have allowed himself to be hoodwinked.

It is also reported to the Association that there is another scheme practiced by these companies, namely the giving of write-ups to subscribers and clients in a so-called magazine and furnishing them with a single sheet at $100.00 a page, besides selling the advertisers as many copies as possible at 15c per copy, as an advertising proposition—thus conveying to the public the impression that the advertiser is endorsed by the magazine and that the write-up is fair and impartial; each page of the magazine is thus apparently abstracted leaving the full title of the magazine at the top of the page, in very elaborate artistic type. It has also been discovered that complainants have had their money returned to them by these companies when they threatened it with investigation and exposure. The company will give the money back to any "kicker" who makes a stiff demand for it rather than suffer notoriety by refusing not to do so. Bankers are warned to be suspicious of salesmen selling this kind of proposition. Such a warning is a desirable thing not only for the bankers but for those credit companies which are conducting a legitimate line of business. Surely they are anxious that credit companies who are practicing fraud should be exposed and put out of business, and that their own line of honest endeavor be thus unhampered and above suspicion.

The Institute Convention

First Session — Tuesday Morning

THE seventeenth annual convention of the American Institute of Banking, held in New Orleans, October 7, 8 and 9, will go down in Institute history as the Victory Convention. J. C. Thomson, President of the Institute, called the convention to order in the Convention Hall of the Grunewald Hotel on Tuesday morning. The program of the first session was as follows:

INVOCATION—By Rev. Father John M. McCreary, S.J., College of the Immaculate Conception.

GREETINGS—Hon. Martin Behrman, mayor of the city of New Orleans; Emmet Jones, President of New Orleans Chapter.

RESPONSE TO GREETINGS—Gardner B. Perry, Vice-President of the American Institute of Banking.

GREETINGS FROM THE AMERICAN BANKERS ASSOCIATION—Address by Col. F. E. Farnsworth, General Secretary of the American Bankers Association. Col. Farnsworth's address was enthusiastically received by the delegates.

"INSTITUTE INVENTORY"—Annual address by the President of the Institute, J. C. Thomson, Assistant Cashier of the Northwestern National Bank of Minneapolis.

REPORT OF THE CHAPTER SURVEY COMMITTEE—In the absence of James Rattray, Chairman of the Chapter Survey Committee, the report of that committee was presented by M. W. Harrison, a member of the committee, to whom the efficiency and thoroughness of the report is largely due. Printed copies of the report had been previously placed in the hands of the delegates. Mr. Harrison requested the delegates to read the report in order that they might be fully informed when the matter was brought before them for action at the business session of the convention.

"THE SOUTH OF TODAY"—Address by R. S. Hecht, President of the Hibernia Bank and Trust Company of New Orleans and Past President of the Institute. Mr. Hecht said in part: "The new South is a changed South. It has not lost, and I trust that you will agree with me before your stay here is ended, the spirit of hospitality and of gracious good fellowship with which the old South charmed its visitors. But it has gained a new vision of the wealth that lies in its soil, in its rivers, in its mines, in its oil and gas fields, in its forests; and it has heard a new call to develop and use these magnificent resources mightily for the public good. With natural resources undiminished and beyond measure, with industry here turning our raw products into finished goods, with commerce springing up to ship these goods to the uttermost parts of the earth, the southern states take on an appearance of the Promised Land. I invite you as representatives of the great banking interests of the country to share our enthusiasm and our prosperity. With united purpose and spirit of co-operative helpfulness, shall we not go forward in the building not only of a greater South, but of a grander America?"

"GREATER EDUCATIONAL FACILITIES FOR THE INSTITUTE"—Address by W. A. Day, Deputy Governor of the Federal Reserve Bank of San Francisco. Among other things, Mr. Day said: "The sphere into which we look is as extensive and broad as ever American men faced—the extent of our young men's development is to be exactly what they make it. The future is not to be limited by the past—conditions change—each individual changes as the years pass. Just now in American banking the horizon has widened and to each a new conception and realization of opportunities should come. Young bankers are no longer circumscribed by the limited aims and purposes of an old condition. We are all abreast with the world's great leading forces. If each will, we will realize that we are but in the youth of the business and that it is but necessary to perfect our work. If men refuse to look forward they simply draw down the curtains and stop where they are."

COMMITTEE ON DEPARTMENTAL CONFERENCES—President Thomson appointed as the Committee on Departmental Conferences: Herbert E. Stone of Boston, Chairman; New Business, D. A. Mullen of Pittsburgh; Audit, H. J. Moore of San Francisco; Savings, J. F. Wood of Richmond; Tellers, H. J. Kneip of Albany; Office Managers, C. H. Chaffee of Philadelphia; Transit, A. J. Huglin of Des Moines; State Chapters, W. G. Coapman of Milwaukee; Collections, W. C. Phillips of Seattle; Books, H. Pickrell of Chicago; Advertising and Publicity, J. B. Birmingham of New York; Credit and Statistical, Max Steiner of Chicago; Federal Reserve Banks, Bert V. Chappel of Cleveland.

COMMITTEE ON CREDENTIALS—The President appointed as the Committee on Credentials: R. E. Chambers, Chairman, of New Haven; S. J. Fuller of Atlanta, P. P. Brown of Asheville, J. T. Hanefy of Rochester, A. S. Banmiller of Harrisburg, F. D. Rice of Dayton, G. H. Wagner of Indianapolis, V. S. Fuqua of Memphis, W. J. Stutzman of St. Paul, F. P. Giltner of Joplin, E. P. Gum of Oklahoma City, G. T. Pierce of Tacoma.

BE ON TIME COMMITTEE—The President appointed as the Be on Time Committee: N. E. Bertel, Chairman, of New Orleans; Frank V. Moise of New Orleans, J. H. Guthans of New Orleans, T. F. Regan of New Orleans, J. R. Parrish of Salt Lake City, W. B. Kramer of Scranton, J. H. Trowbridge of New York, O. S. White of Philadelphia.

RESOLUTIONS COMMITTEE—The President appointed as the Resolutions Committee: R. D. Spaulding, Chairman, of Chicago; J. H. Puelicher of Milwaukee, P. Sayward of Boston, T. Oas of Minneapolis, O. F. Allgaier of Spokane, S. D. Beckley of Dallas, C. A. Schacht of St. Louis.

Second Session — Tuesday Afternoon

The second session was entirely devoted to the debate between New York Chapter and Chattanooga Chapter. The question at issue was: "Resolved, That Congress Coordinate the Merchant Marine and Railroads for the Purpose of Encouraging Foreign Trade." The Chairman of the National Committee on Public Speaking and Debate, E. A. Lahm of the Citizens Savings Bank of New York, presided. The debaters were W. L. J. Conway of the Guaranty Trust Company of New York, F. G. Newell of the Metropolitan Trust Company of New York and W. G. Price of the National City Bank of New York, for New York Chapter, and John R. Dean of the Hamilton National Bank of Chattanooga, Russell R. Rushton of the Chattanooga Savings Bank of Chattanooga and Noble J. Simmons of the Chattanooga Savings Bank of Chattanooga for Chattanooga Chapter. The judges were Dr. M. A. Aldrich, Dean of Tulane University of New Orleans; L. M. Pool, President of the Marine Bank and Trust Company of New Orleans, and Hon. H. G. Dufour, Attorney-at-Law of New Orleans. Decision was for Chattanooga.

PRESIDENTS' CONFERENCE—The conference of chapter presidents was conducted under the direction of the Chairman of the National Committee on Chapter Presidents' Conference, Andrew T. Matthew of the Bank of California, N. A., of Portland. The Conference discussed at length the report of the Chapter Survey Committee and in connection with that report made several pertinent suggestions to the convention. It was found that the time alloted to the Conference was insufficient to enable it to discuss all the matters in which the members were interested and an adjourned conference was held on Thursday afternoon. In addition to a discussion of chapter presidents' problems the following addresses were made at the conference: "Practical Application of Institute Work," by Godfrey F. Berger of New York Chapter; "Holding the Older Members and Graduates," by Howard J. Moore of San Francisco Chapter; "Study of Commercial Law," by William W. Allen, Jr. of Philadelphia Chapter, and "Chapter Financing," by Joseph J. Farrell of New Orleans Chapter.

Third Session—Wednesday Morning

Vice-President Gardner B. Perry presided at the third session of the Convention Wednesday morning. Following is an outline of the program:

INVOCATION—By Rev. U. G. Foote, Pastor of the Rayne Memorial M. E. Church.

EDUCATIONAL DIRECTOR—At the request of President Thomson, George E. Allen, Educational Director of the Institute, addressed the convention. In commenting upon the attempts of President Thomson and Vice-President Perry to describe the ladies of New Orleans, Mr. Allen said: "New Orleans in the 201 years of its history has developed a very fine lot of women. There are also fine women elsewhere in the United States. Our President and Vice-President have picked rare roses in the Garden of Love, and if anybody could describe the fair sex, they surely ought to be able to do so. But it cannot be done. When the Lord created the world He declared it as good, but when He created women, He did not presume to describe them in words. Certainly nobody else should ever attempt to do so. We can admire their ruby lips and diamond eyes, and we can worship at the shrine of their pure hearts, but we never can describe them."

EXECUTIVE COUNCIL—The report of the Institute Executive Council was read by Educational Director George E. Allen. The Council approved and proposed amendments to sections 3 and 9 of the Institute by-laws and recommended their adoption. The convention accordingly adopted the amendments. Sections 3 and 9 of the Institute by-laws, as amended, read as follows:

3. Members of the Institute shall consist of duly authorized chapters whose individual members shall subscribe for the official publication of the Institute through their respective chapter treasurers at the rate of fifty cents a year. Bank officers and other employes outside of the respective jurisdiction of city and state chapters shall be eligible to membership in the Correspondence Chapter.

9. The Executive Council shall appoint a Secretary, an Educational Director and a Treasurer of the Institute, who shall serve during the pleasure of the Executive Council and perform the usual duties of such officers as determined by the Executive Council. The Council also may appoint an Associate Educational Director and one or more Assistant Secretaries and fix the terms and conditions of their service.

The Educational Director announced that M. W. Harrison had resigned as Assistant to the Educational Director to accept the position of Executive Manager of the Savings Banks Association of the State of New York. Mr. Allen said: "It is too bad to lose Mr. Harrison, for he is a young man of exceptional ability. He is a good statistician, familiar with investments, and a young man of broad vision. When the War Savings proposition was considered at Washington there were many suggestions as to ways and means, and suggestions from Mr. Harrison, more than from anybody else, were embodied in the plan that was finally adopted. While of a statistical turn of mind, Milton Harrison has in himself blended some of the soul of the great poet for whom he was named. He had to leave us this morning, and I gave him my final order as his superior officer. That was that he make a sufficient reputation as a financier to enable the Institute to use him as an advertisement. I think he will obey the final order."

"HAS THE WAR MADE US BETTER BANKERS?"—Address by J. Howard Ardrey, Vice-President of the National Bank of Commerce of New York. "Like the men who fought the battles of the war and came back bigger men and better men," said Mr. Ardrey, "the men who fought the battles of finance also emerged therefrom not only bigger men and better men, but bigger bankers and better bankers. In the first place they emerged better citizens. The service they rendered in financing the war and running the 30,000 banks of the country during the war, accomplishing

the marvel of subordinating their private purposes and advantages to the public welfare, obtained a viewpoint which formerly they did not have. They found a true spirit of service to their country and to their fellows and came to realize that this country, broad and vast as it is, is knit together not only by ties of commerce and finance, but also by bonds of sympathy and friendship and common interest. And also they emerged with broader vision and expanded financial horizon. The war taught them to think in terms of billions instead of millions and prepared them in heart and mind to handle the problems which now fall thick upon us."

"PRACTICAL BANKING"—A symposium on Practical Banking was conducted under the direction of John S. Curran, Assistant Cashier of the Anglo and London-Paris National Bank of San Francisco. Papers were read by the following: "Modern Bank Machinery," Herbert E. Stone of Boston, D. P. Clifford of Toledo, Joseph J. Schroeder of Chicago, P. C. Turman of Los Angeles; "Social Side of Banking," by Thomas I. Miller of Atlanta, J. F. Wood of Richmond, A. E. Caldwell of Oakland; "New Business," by Don A. Mullen of Pittsburgh, Otto F. Allgaier of Spokane, Andrew C. Dorris of Nashville; "Banking Advertising," by R. D. Spaulding of Chicago, Thomas F. Regan of New Orleans, R. E. Ross of St. Paul; "Trust Departments," by Perceval Sayward of Boston, H. C. Jackson of Providence.

Fourth Session—Thursday Morning

This entire session was devoted to the consideration of the subject of "Acceptances."

INVOCATION—The Invocation was delivered by Freas Brown Snyder of Philadelphia, in the following words: "As day returns, bringing its petty round of irritating concerns and duties, help up to play the man, help us to perform them with laughter and kind faces Let cheerfulness abound with industry, and give us to go blithely on our business of this day, and bring us to our resting beds weary and content and undishonored, and grant us in the end, the gift of sleep."

"AMERICAN DISCOUNT CORPORATIONS—THEIR PURPOSE"—Address by Jerome Thralls, Secretary-Treasurer of the Discount Corporation of New York. An interesting discussion followed the address of Mr. Thralls.

"OBJECTS OF THE AMERICAN ACCEPTANCE COUNCIL"—Address by Robert H. Bean, Executive Secretary of the American Acceptance Council, New York.

"THE AMERICAN DEVELOPMENT OF THE ACCEPTANCE IN COMMERCIAL LINES"—Address by Freas B. Snyder, President of W. C. Hamilton & Sons of Philadelphia and formerly Vice-President of the First National Bank of Philadelphia.

ACCEPTANCES—A symposium on Acceptances, under the direction of Freas Brown Snyder, brought out some interesting discussion on this subject.

Fifth Session—Thursday Afternoon

"FOREIGN EXCHANGE AND ITS RELATION TO FOREIGN TRADE"—Address by John Bolinger, Vice-President of the National Shawmut Bank of Boston. Mr. Bolinger said in part: "Never before in the history of our country has foreign trade been so important as at the present time. Our total foreign trade for the fiscal year ending June 30, 1919, amounted to over $10,000,000,000, the greatest record figure in the history of this or any other country. This figure compares with $4,344,000,000 in 1914, and $8,810,000 000 in 1918. Even if we take into account that prices during the last five years have advanced rapidly these figures give a vivid picture of the importance which our foreign trade has reached today."

"THE BUSINESS MAN IN COMMERCIAL ORGANIZATION"—Address by F. N. Shepherd, Field Manager of the Chamber of Commerce of the United States, Washington, D. C. Mr. Shepherd's address was an inspiration; in closing he said: "I have confidence in the common sense of the American people, and that eventually they will come out right. But it is up to organized business and the intelligent thoughtful persons of this country to get before the American people data that will enable them to arrive at sound, sensible conclusions, and if I have one request to make today of the American Institute of Banking, I would ask that when you return to your homes, each one of you individually, and the Institute collectively, do your best toward getting implanted in the minds of all the people what pure Americanism means."

REPORTS OF COMMITTEES—The following committees presented reports which were received and filed: Membership, Bruce Baird, Chairman; Public Speaking and Debate, E. A. Lahm, Chairman; Program, Stewart D. Beckley, Chairman; Transportation, Henry H. Aehle, Chairman; Public Affairs, Gardner B. Perry, Chairman.

INSTITUTE RESOLUTIONS—The Committee on Resolutions submitted the following report which was enthusiastically adopted by the convention:

Institute Resolutions

The most appalling war the world has ever known has ended and we are fortunately able to enjoy once more the blessings of peace.

At the present time we are confronted with numerous important problems due to economic changes resulting from the war, but we look forward to the future with confidence and believe that the sinister motives of those who have attempted to spread abroad in our land the seeds of Bolshevism and other similar doctrines are rapidly becoming evident to everyone and soon will be entirely discredited.

Ours is an educational association organized for the benefit of the banking fraternity of the country and within our membership may be found on an equal basis both employees and employers; and in full appreciation of the opportunities which our country and its established institutions afford, and especially in appreciation of the fact that the profession of banking affords to its diligent and loyal members especial opportunities for promotion to official and managerial positions, and that as a result of the establishment and maintenance of the merit system in most banks a large number of Institute

members have through individual application achieved marked professional success, we at all times and under all circumstances stand for the merit system and for the paying of salaries according to the value of the service rendered.

We believe in the equitable co-operation of employees and employers and are opposed to all attempts to limit individual initiative and curtail production, and, in so far as our profession is concerned, are unalterably opposed to any plan purporting to promote the material welfare of our members, individually or collectively, on any other basis than that of efficiency, loyalty and unadulterated Americanism.

Intelligent and systematic practice of thrift develops a higher type of individual and increases the economic strength of the nation; we therefore pledge ourselves to continue in co-operation with the several bureaus and departments of the government and also such other organizations or agencies as are engaged in promoting public and private thrift. We especially pledge ourselves to support and work for the success of the thrift plans being made for the week beginning January 7, 1920, by the War Loan Organization of the Treasury Department.

To the bankers and citizens of New Orleans, and to the members of New Orleans Chapter, we express our hearty thanks and appreciation for their cordial hospitality. We also express our thanks and appreciation to Mayor Behrman for his warm welcome, and to the several speakers for their very instructive and inspiring addresses.

To the officers and the several committees of the Institute, and especially to the Transportation, Program and Arrangement Committees, we express our appreciation for their work in making possible the holding of such a successful convention.

To the Ladies' Committee of New Orleans Chapter we express our sincere thanks and appreciation for the courtesies which they have so graciously tendered.

To our Educational Director, for the able manner in which the educational work of the Institute has been conducted, we express our appreciation and take this opportunity to offer assurance of our earnest co-operation and support.

The American Bankers Association has continued to encourage and support our work and we express to the officers of the Association our thanks for their keen interest in our progress and welfare.

During the past year several local conferences of Chapter Presidents have been held and much good has resulted therefrom, and we suggest to the Executive Council that they consider the advisability of making definite plans for the holding of similar conferences at stated intervals in the future.

Most chapters in the Institute hold their annual elections during the month of May, thus affording their newly elected officers an opportunity to plan their educational and other activities during the summer months. We believe that it would be of advantage to local chapter officers to have the convention of the Institute held early in the summer, thus giving them an opportunity to meet and confer with other Institute leaders before definitely arranging their annual programs. The advisability of holding our conventions at an earlier date is submitted to the Executive Council for their very careful consideration.

Increased expenses resulting from an extension of our educational activities lead us to believe that it would be advisable to confer with the officers of the American Bankers Association regarding our finances, and we therefore request them to receive our newly elected President and his two immediate predecessors in office as a committee authorized to discuss plans for closer financial co-operation.

The movement to introduce trade and bankers' acceptances into more general use has grown in importance, and the advisability of making so extensive a change in American business methods is receiving the careful attention of leading business men and bankers. We recommend that the proper use of acceptances and the growth of this movement be studied exhaustively by our members.

These then are the sentiments of the delegates to the Seventeenth Annual Convention of the American Institute of Banking, in executive session assembled at New Orleans, Louisiana, this ninth day of October, nineteen hundred and nineteen.

Respectfully submitted,

RALPH D. SPAULDING, Chairman,
J. H. PUELICHER,
P. SAYWARD,
T. OAS,
O. F. ALLGAIER,
S. D. BECKLEY,
C. A. SCHACHT,
Committee on Resolutions.

Convention City—Perceval Sayward, President of Boston Chapter, presented an invitation to the delegates, in behalf of Boston Chapter, to hold their 1920 convention in the city of Boston. His invitation was enthusiastically received and unanimously accepted.

New Institute Officers—The following named officers were duly elected:

President—Gardner B. Perry, National Commercial Bank, Albany, N. Y.

Vice-President—Stewart D. Beckley, City National Bank, Dallas, Texas.

Members Executive Council—Henry R. Kinsey, Williamsburg Savings Bank, Brooklyn, N. Y.; E. J. McQuade, Liberty Savings Bank, Washington, D. C., J. H. McDowell, American Trust and Banking Company, Chattanooga, Tenn.; Joseph J. Schroeder, National Bank of the Republic, Chicago, Ill.

Subsequently, at a meeting of the new Executive Council, Richard W. Hill was appointed secretary of the Institute.

Banquet—On Wednesday evening, New Orleans Chapter tendered a banquet to the visiting delegates at the Grunewald Hotel. Hon. Charles A. O'Neill, Justice of the Supreme Court of the State of Louisiana, was toastmaster. Addresses were made by Paul H. Saunders, President of the Canal-Commercial National Bank of New Orleans; John H. Puelicher, Vice-President of the Marshall and Ilsley Bank of Milwaukee; J. C. Thomson, retiring Institute President, and George E. Allen, Educational Director of the Institute.

New Secretary for Ohio

S. A. Roach has been elected secretary of the Ohio Bankers Association and will commence his duties December 1. Mr. Roach was born in Sedalia, Madison County, 1877. He was graduated from the Ohio State University in 1899, and started his business career as a solicitor with the New York Life Insurance Company. One year later he entered the Citizens National Bank of Chillicothe where he remained until 1909 when he became cashier of the Citizens National Bank at New Lexington, which position he has resigned to become secretary of the Ohio Bankers Association.

Card Ledger Systems

Ten Years' Experience in Savings Bank Shows Cards Give Perfect Elasticity and are Always Dependable

By Victor A. Lersner
Comptroller Williamsburg Savings Bank, Brooklyn, N. Y.

THE very evident advantages of the card system for savings accounts, are still compromised in not a few institutions by the labor, expense, and general inconvenience of maintaining a duplicate system.

For instance, the Savings Bank Section of the American Bankers Association recently received an inquiry from a bank having 15,000 savings accounts, in which there is the following statement:

"For several years this institution has been carrying on a double bookkeeping system in connection with our savings accounts, as follows:

"Our original records are made upon a loose card system kept in numerical order in a steel cabinet. It was feared, however, by our directors that some card might be lost or destroyed, either through intent or negligence of some clerk, and accordingly we have carried on a duplicate set of accounts in a Boston ledger.

"The writer believes that there must be some system of accounting which would combine the feature of safety together with a less amount of posting than we are now doing."

This objection of the possible loss of one of the cards must always be expected and is also very reasonable. It is the first large question which comes to the mind of those who contemplate installing the card system.

But the answer that comes in every instance from those who have applied the system, regardless of the length of time, is that this first hand apprehension is not realized in actual practice.

Thus, the Williamsburg Savings Bank first applied it to their mortgage accounts and tried it in that department for several years. It was found to be entirely satisfactory and reliable. But even then we had some difficulty in securing the full agreement of our officers to use the same system for keeping the accounts of depositors. However, the card system was finally installed some ten years ago.

We are now using the plan for over 116,000 accounts. In the course of ten years, not one of the items has become lost. This is the invariable experience in other institutions.

Replacing Lost Cards

Notwithstanding the fact that cards do not become lost, the argument on behalf of full security may require further support. We will therefore assume that a card is lost. What is the result?

Merely this, that the depositor's pass book still holds a full record of the account and without indicating to the depositor what your purpose is, you only need to ask him to bring in his pass book and from it create a new card.

Now the most cautious may raise the point that even such an extremely remote set of circumstances could occur as where a particular card could be lost and the pass book of the account would also be lost at the same time. Even this almost impossible combination has elements of certain security and reasonably easy adjustment.

Under the common method of recording daily transactions in savings banks, the process to be followed in such a case would be to refer to the balance of the account at the time of the last trial balance proof and by running through the daily transactions from that point up to the moment of consideration, the transactions during the period could be secured and with these two known factors—that is, previous trial balance and the additional transaction—one could easily build up a new account.

Correct Balance Always Determinable

Arguing against the proposition to what I feel is the last point—which is that the balance of such a built-up account is not absolutely certain of correction—rebuttal to this is, that after having found this balance, there is a means of absolute proof, which would be the taking off of a new trial balance for the full section which includes this particular account, and if the total amount of liabilities represented in this section equalled the amount represented in the controlling account I consider that the conclusion is proof positive.

The Perfect System

The elasticity gained by permitting an endless number of people to work on the same division of accounts, together with the fact that they are dealing only with live matter rather than a combination of closed and open accounts, gives added merit to the system.

I can say that the verdict of our bank is one common to all users of the system. The card ledger system is an absolute and unqualified success, and is so far in advance of the old system of bound ledgers that one wonders that the banks ever held so long to something that was so disadvantageous by comparison.

LEGAL DEPARTMENT

THOMAS B. PATON, GENERAL COUNSEL

Legislation in 66th Congress Affecting Banks

IN the issues of the Journal for August and September we summarized the principal measures introduced and pending in the 66th Congress affecting banks. Since the publication of the article in the September number there have been a few changes in the status of the bills summarized and these will be briefly noted.

Limit of Loans and Indebtedness of National Banks

H. R. 7478 which amends Section 5200 of the Revised Statutes relating to the loan limit and Section 5202 providing the limit of indebtedness of national banks, became a law by approval of the President on October 22, 1919. We print below a copy of the law as passed. The amendments to the two sections are indicated by the printing of the new matter in italics and including in brackets those matters which were omitted:

(PUBLIC—No. 62—66TH CONGRESS.)
[H. R. 7478.]

An Act To amend sections 5200 and 5202 of the Revised Statutes of the United States as amended by Acts of June 22, 1906, and September 24, 1918.

[New matter italicized; matter omitted in brackets.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5200 of the Revised Statutes of the United States as amended by the Acts of June 22, 1906, and September 24, 1918, be further amended to read as follows:

SEC. 5200. The total liabilities to any association of any person or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed 10 per centum of the amount of the capital stock of such association, actually paid in and unimpaired, and 10 per centum of its unimpaired surplus fund: *Provided, however,* That (1) the discount of bills of exchange drawn in good faith against actually existing values, *including drafts and bills of exchange secured by shipping documents conveying or securing title to goods shipped, and including demand obligations when secured by documents covering commodities in actual process of shipment, and also including bankers' acceptances of the kinds described in section 13 of the Federal Reserve Act,* (2) the discount of commercial or business paper actually owned by the person, company, corporation, or firm negotiating the same, [and] (3) *the discount of notes secured by shipping documents, warehouse receipts, or other such documents conveying or securing title covering readily marketable nonperishable staples, including live stock, when the actual market value of the property securing the obligation is not at any time less than 115 per centum of the face amount of the notes secured by such documents and when such property is fully covered by insurance, and* (4) the [purchase or] discount of any note or notes secured by not less than a like face amount of bonds *or notes* of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, shall not be considered as money borrowed within the meaning of this section. [; but] The total liabilities to any association, of any person or of any [company] corporation, or firm, *or company, or the several members thereof* upon any note or notes purchased or discounted by such association and secured by [such] bonds, *notes,* or certificates of indebtedness *as described in* (4) *hereof* shall not exceed (except to the extent permitted by rules and regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury) 10 per centum of such capital stock and surplus fund of such association *and the total liabilities to any association of any person or of any corporation, or firm, or company, or the several members thereof for money borrowed, including the liabilities upon notes secured in the manner described under* (3) *hereof, except transactions* (1), (2), *and* (4), *shall not at any time exceed 25 per centum of the amount of the association's paid-in and unimpaired capital stock and surplus. The exception made under* (3) *hereof shall not apply to the notes of any one person, corporation or firm or company, or the several members thereof for more than six months in any consecutive twelve months."*

SEC. 2. That section 5202 of the Revised Statutes of the United States as amended by section 20, Title I, of the Act approved April 5, 1918, be further amended so as to read as follows:

"SEC. 5202. No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

"First. Notes of circulation.

"Second. Moneys deposited with or collected by the association.

"Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

"Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

"Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

"Sixth. Liabilities incurred under the provisions of the War Finance Corporation Act.

"Seventh. Liabilities created by the indorsement of accepted bills of exchange payable abroad actually owned by the indorsing bank and discounted at home or abroad."

Approved, October 22, 1919.

The purpose of the amendments to Section 5200, according to a report of the House Committee, is to relieve a pressing situation which arose chiefly in financing cotton, but also to some extent with relation to cattle and other staples. This situation arose partly from certain interpretations of the law by the Office of the Comptroller of the Currency with relation to customs prevailing in southern banks of giving credit to cotton buyers, the credit or notes secured by shipping documents, warehouse receipts, etc. Drafts and bills of

exchange secured by shipping documents have not been regarded as coming within the 10% restriction of Section 5200 but it seemed necessary to make sure that they shall not be so regarded provided the goods are in process of shipment and not being held for speculation. The Committee says that the financing of cotton and some other staples at primary markets has been done very largely through sight drafts, secured by bills of lading and other shipping documents. If a cast-iron limit of 10% of capital and surplus is applied to transactions of this kind, the marketing of such staples would be very seriously hampered. The Committee has added a partial definition to the words "actually existing values" in the first exception to the 10% limitation, as indicated by the italicized words. These words confine transactions on sight drafts to drafts secured by goods in process of shipment. For staples financed by notes secured by warehouse receipts or by shipping documents, a new exception has been introduced broadening the loaning powers of the banks to 25% of capital and surplus for a period of not more than six months in any consecutive twelve months. In this exception to the 10% limit the bill adds "live stock" to "readily marketable nonperishable staples" and requires that the property securing the obligation shall not at any time be less than 10% of the face amount of the notes secured and also requires property to be fully covered by insurance.

The amendment to Section 5202 of the Revised Statutes which limits the indebtedness of national banks to an amount not exceeding the amount of its paid-in capital, with certain exceptions, adds to the exceptions "liabilities created by the indorsement of accepted bills of exchange payable abroad actually owned by the indorsing bank and discounted at home or abroad." This new exception was made necessary by certain recent interpretations of the law. It follows a recommendation of the Federal Advisory Council, concurred in by the Federal Reserve Board, from which recommnedation the following quotation is made:

"In purchasing export sterling bills a national bank must discount the bill in London immediately on its arrival if it is to engage in a profitable transaction. If it does not discount the bill it carries a 3 7/16 per cent investment to maturity, when money in this country is worth much more. This no bank will do.

"But to engage in this class of business to the extent required by the demands of American exporters and to discount the bills purchased upon their arrival in London the contingent liability created by the bank by the indorsement of bills will quickly exceed the amount of its capital. * * * There is no limit in the amount of bills drawn against actually existing values which a bank may purchase and hold, hence it would seem logical that there should be no limit upon the amount which a bank might negotiate by indorsement."

Investments by National Banks in Corporations to Conduct Foreign Financial Operations

Senate Bill 2395 amending Section 25 of the Federal Reserve Act was approved by the President on September 17 and is as follows:

[PUBLIC—No. 48—66TH CONGRESS.]
[S. 2395.]

An Act Amending section 25 of the Act approved December 23, 1913, known as the Federal Reserve Act, as amended by the Act approved September 7, 1916.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 25 of the Act approved December 23, 1913, known as the Federal Reserve Act, as amended by the Act approved September 7, 1916, be further amended by the addition of the following paragraph at the end of subparagraph 2 of the first paragraph, after the word "possessions":

"Until January 1, 1921, any national banking association, without regard to the amount of its capital and surplus, may file application with the Federal Reserve Board for permission, upon such conditions and under such regulations as may be prescribed by said board, to invest an amount not exceeding in the aggregate 5 per centum of its paid-in capital and surplus in the stock of one or more corporations chartered or incorporated under the laws of the United States or of any State thereof and, regardless of its location, principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate the export of goods, wares, or merchandise from the United States or any of its dependencies or insular possessions to any foreign country: *Provided, however,* That in no event shall the total investments authorized by this section by any one national bank exceed 10 per centum of its capital and surplus."

SEC. 2. That paragraph 2 of said section be amended by adding after the word "banking," in line three, the words "or financial," so that the sentence will read: "Such application shall specify the name and capital of the banking association filing it, the powers applied for, and the place or places where the banking or financial operations proposed are to be carried on."

SEC. 3. That paragraph 3 of said section be amended by striking out the words "subparagraph 2 of the first paragraph of this section" and inserting in lieu thereof the word "above," so that the paragraph will read:

"Every national banking association operating foreign branches shall be required to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and every member bank investing in the capital stock of banks or corporations described above shall be required to furnish information concerning the condition of such banks or corporations to the Federal Reserve Board upon demand, and the Federal Reserve Board may order special examinations of the said branches, banks, or corporations at such time or times as it may deem best."

Approved, September 17, 1919.

The House Committee reported that this bill was regarded by the Federal Reserve Board as an emergency measure, its purpose being to encourage the formation of corporations that can extend long time credits to foreign purchasers of American goods. Europe needs foodstuffs, clothing, machinery, metals and other raw materials from America, so that her industries can be rebuilt and recover from the devastation of war, and it is the general feeling that direct Governmental loans should no longer be made, but that private corporations extend the necessary credit under Federal supervision. Some big establishments may be able to do this for themselves, but smaller manufacturing and other interests cannot, hence the necessity of co-operation. By allowing national banks to subscribe not to exceed 5% of capital and surplus to these corporations, they are not only

given stability and made attractive to investors, but are brought under full control and supervision of the Federal Reserve Board.

The Edge Bill

The Edge bill (S. 2472) for the creation of Federal corporations to do foreign banking business has at the date of this writing been passed by both Houses and is in the hands of Committee of Conference of House and Senate. After the bill passed the Senate the House Committee on Banking and Currency gave long and careful consideration thereto and reported a large number of amendments designed to prevent the financial institutions which were to be brought under national incorporation and supervision from becoming monopolies, while at the same time leaving them unhampered in their competition with foreign banking institutions which have very broad powers. It was also deemed wise that investors should be further safeguarded and the House Committee inserted some of the safeguards of the National Bank Act. The Federal banks to be incorporated under this bill are not to be banks of deposit, the only deposits allowed being those strictly incidental to foreign transactions. It is designed that under the law to be passed, two classes of institutions shall be incorporated, one doing principally a banking business, like that done in the eight international banking corporations already organized, and the others doing principally an investment business, taking long-time paper, including bonds and mortgages and issuing their own debentures against them. The Federal Reserve Board is therefore given broad powers of regulation and supervision. The so-called export finance corporations are new and experience must show just what regulations are necessary. One amendment recommended by the Committee and adopted by the House requires the use of the word "Federal" in the name of every such corporation and prohibiting the use of this word by any financial corporation hereafter organized under any law other than an act of Congress. The broad object of the Edge bill is to retain much of our great foreign trade for the benefit of American manufacturers, farmers, cattle growers and merchants.

Space will not be taken to detail the provisions of the Edge bill as amended by the House. When the bill is agreed upon by the Committee of Conference and becomes a law, which is expected in the near future, publication of the text of the new law will be made.

Other Legislation

There have been a few changes in the status of other bills which have been summarized in previous issues but nothing of sufficient importance to make special mention at this writing. The time of both branches of Congress has been so largely taken up with subjects of broad national concern that, except as above indicated, little progress has been made in connection with legislation of a purely technical banking nature.

Injunction Against Houston Bank & Trust Co.

IN the September Journal we announced that the injunction order of the District Court of Harris County, Texas, restraining the Houston Bank & Trust Company of Channel City, from advertising or circularizing that it is a member of the American Bankers Association had been violated and that proceedings had been promptly instituted and were then pending to punish the defendants for contempt. A number of depositions were taken of bankers who had received circulars and literature for the sale of oil stock containing the statement that it was a member of the American Bankers' Association issued by the Houston Bank & Trust Company since the service of the injunction.

As a result of the motion for contempt, the court found the defendants guilty but in view of their sworn answer of unintentional violation, they were discharged, upon payment of costs, with a warning that thereafter there must be no violation. So far as our information goes, the issue by the Houston Bank & Trust Company of oil circulars containing the false claim of membership in the American Bankers Association has now wholly ceased. Following is a copy of the order entered upon the motion for contempt:

No. 84349. American Bankers' Association vs. Houston Bank & Trust Company—In the District Court of Harris County, Texas, 55th Judicial District.

BE IT REMEMBERED, that on this the 27th day of September, A. D., 1919, came on to be heard the motion filed by the plaintiff in this case to have the defendants, B. N. Garrett, M. T. Garrett, and W. M. Oberholz fined for violation of the injunction heretofore issued in this cause; whereupon came the plaintiff by its attorneys and came the defendants in person and by attorneys, and all announced ready for trial on said motion, and thereupon the court having considered the motion of the plaintiff and the sworn answer of the defendants, and having heard the evidence and the argument of counsel, finds the following facts:

1. The court finds that there has been a violation of the injunction in mailing literature and circulars with the name of the American Bankers Association thereon since the injunction was issued, but the court finds that said literature was either mailed unintentionally (a) by reason of the mechanical error of the printers in not erasing the words "American Bankers' Association" in accordance with the instructions of the defendants that the same should be erased, or (b) through following advice of counsel to the effect that the sending of circulars published in 1917 with the name of the American Bankers Association thereon was not a violation of the injunction, but the court finds that the same was a violation of the injunction as issued.

2. The court is of opinion that by reason of the inadvertence or mistake under which the literature and circulars

were mailed, and in view of the further fact that the defendants under a sworn answer have averred their good faith in not having heretofore intentionally violated the injunction, and proclaimed their steadfast intention to hereafter fully comply with the terms thereof, that the defendants should not be fined for contempt, but should be discharged on the motion to fine for contempt, with the admonition, however, from the court, at this time, that any further violations of the injunction, technically or otherwise, must not be committed by the defendants:

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED by the court that the defendants be and they are hereby discharged on the motion to fine for contempt and that as to said motion they go hence without day.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the court that the injunction as originally issued herein is in all things reaffirmed and renewed and the defendants herein are hereby in all things ordered and commanded to hereafter in all things comply with and observe said injunction in all its terms.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED by the court that in view of the at least technical violation of the injunction by the defendants, that they be required to pay all the costs of these contempt proceedings, for which execution may issue.

(Sg.) EWING BOYD,
Judge.

National Bank as Special Guardian for Infant

A DECISION of interest to national banks has been rendered by the Supreme Court in Nassau County, New York, in a proceeding brought to test the competency of a national bank to act as special guardian for an infant. A national bank had been appointed by the Supreme Court as special guardian for an infant in proceedings brought to sell certain real estate. When the deed directed by the court to be given was tendered by the guardian to the purchaser, who was represented by a title company, the latter objected to the title upon the sole ground that a national bank could not act as special guardian in such a proceeding. The objection was based upon Section 2352 of the Code of Civil Procedure, which authorizes the appointment of a special guardian and it was contended that a national bank was not among those qualified for such appointment under such section. Thereupon a proceeding was brought to compel the purchaser to accept the title, the National Bank Section of the New York State Bankers Association being permitted to intervene as an interested party. The action was contested on behalf of the title company because the question was a new one and there were doubts in the mind of their counsel as to the competency of a national bank to act as special guardian. Briefs were presented to the court by both sides and a decision was rendered holding the national bank qualified. We publish this decision in full as matter of general interest.

SUPREME COURT, NASSAU COUNTY

IN THE MATTER OF THE PETITION
—of—
BESSIE B. MOLLINEAUX, for the sale of real estate belonging to Gordon G. Mollineaux, an infant.
Kings County Special Term for Motions.
October 15th, 1919.
Application to compel a purchaser to accept title to real estate.
Fred. Ingraham attorney for First National Bank of Hempstead, Petitioners
(Robert H. Wilson, of counsel).
Coombs & Wilson, attorneys for National Bank Section of the New York State Bankers' Association, Intervening (Robert H. Wilson, of counsel).
Charles E. Russell, attorney for Oscar G. Boessor, Purchaser.

Opinion by Mr. Justice Isaac M. Kapper:

"The purchaser of an infant's real estate sold in this proceeding objects to the title, and this motion is made to compel acceptance. The purchaser's sole objection is to the appointment by the Supreme Court of a National bank as Special Guardian in a proceeding for the sale of the real estate of an infant, asserting that such a corporation is not among those qualified for such an appointment under section 2352 of the Code of Civil Procedure which, he further asserts, is the only authority for appointing a Special Guardian in such a proceeding. Said section is as follows: 'Upon an application to sell, mortgage, release or lease real property or an interest in real property of an infant, the court must appoint a suitable person to be the Special Guardian of the infant with respect to the proceedings, who must thereupon file with the clerk a bond as prescribed in the last section. Any trust company authorized by the laws of this state to act as General Guardian of the estate of an infant without giving security may be appointed such Special Guardian, and in such case the court, in the order of appointment, may dispense with the giving and filing of any such bond.' It is the contention of the purchaser that if a corporation may be appointed a Special Guardian, the Code Section in question contains a limitation which confines such corporate appointee to a trust company. The Purchaser frankly concedes that all the broad powers conferred upon the Federal Reserve Board by recent acts of Congress, to authorize National banks to act in certain specified trust capacities, permits the designation of a National bank to act in practically all fiduciary capacities, excepting those expressly limited, as by the Code Section in question. This concession shortens the discussion materially and it suffices to say that in the case of National Bank v. Union Trust Co. (244 U. S., 416), the United States Supreme Court has rendered futile any controversy over the powers of National banks to act as fiduciaries. That decision goes to the extent of declaring the principle that when Congress, in the exercise of its constitutional powers, has clothed National banks with authority to exercise the functions possessed by rival State corporations of a similar character, the State is without power to nullify such action by Congress by discriminatory legislation in favor of State corporations. The State may reasonably regulate the exercise of the powers so conferred, but may not prohibit. Since that decision, which was based upon section 11-k of the Federal Act of December 23, 1913, Congress, by an amendatory act of September 7, 1918 (sec. 9794-k) has authorized the Federal Reserve Board to empower National banks to assume other specified trust relationships, 'or to act in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National banks are permitted to act under the laws of the State in which the National bank is located.' That amendment further provided that 'whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies,

or other corporations which compete with National banks, the granting to and the exercise of such powers by National banks shall not be deemed to be in contravention of State or local law within the meaning of this act.' Hence we see that Congress, by appropriate legislation, has vested National banks with power to act in enumerated trust capacities, and under the cited decision of the United States Supreme Court such legislation became the controlling and paramount law, superior to any inconsistent State legislation. In my judgment, the State no longer has power to prohibit the exercise within its domain of the powers and functions so conferred upon such banks, and no power to accomplish this result indirectly by discrimination in favor of local corporations and against National banks or agencies of a similar character. And any prior State legislation which limited the exercise of specified powers to certain specified State corporations or agencies became inoperative when Congress clothed Federal corporations and agencies of a rival character with like powers. But I do not think that a legislative intent to discriminate against National banks or agencies or to prohibit their acting in the trust capacities enumerated in the Federal acts referred to can be inferred from the Code Section 2352 (supra). The Federal acts in question were passed in 1913 and 1918, while the amendment to Section 2352 of the Code, permitting the appointment of a trust company as Special Guardian, was passed in 1893 (chap. 268, Laws of 1893). It seems plain, therefore, that National banks were not in the legislative mind when the Amendment in 1893 was enacted, for at that time, such banks had not been vested by Congress with power to act in any of the trust capacities enumerated in the subsequent legislation referred to, and were therefore in no event eligible to appointment to any trust capacity in the State of New York. I am, moreover, of the opinion that Section 2352 of the Code is a limitation only to the extent of dispensing with the security required when a trust company is the appointee, and that that section containing, as is obvious, no express inhibition against the appointment of a non-resident natural person or a foreign or domestic corporation as Special Guardian, the sole statutory requirement being that the appointee must be a 'suitable person,' empowers the Supreme Court to appoint a National bank, otherwise duly empowered to act in a fiduciary capacity, as Special Guardian, for such bank, being so duly qualified, is therefore a 'suitable person' within the meaning of the statute. This view is fortified by the concession made by the Purchaser here that the National bank Special Guardian at bar, is empowered to act in all trust capacities, so far as concerns the doctrine of ultra vires, and could not act in the present case because, as claimed, said bank was ineligible for appointment under the Code, as stated at the outset. As above stated, this view is held untenable. In my opinion, the motion should be granted."

Opinions of the General Counsel

NOTE PAYABLE IN INSTALMENTS

Where a note is payable in stated instalments and there is default in payment of any instalment, the whole note becomes dishonored and a subsequent transferee takes subject to equities—In case the defaulted instalment is paid before transfer of the note, some authorities indicate that a subsequent purchaser for value before the due date of the note would be a holder in due course, but under the Negotiable Instruments Act, which provides that such holder must have acquired the instrument without notice that it had been previously dishonored, the question is uncertain—An indorser is released by failure to give notice of dishonor upon non-payment of an instalment, but according to some authorities, the release only applies to the particular instalment and not to subsequent instalments, notice of non-payment of which is given.

From Colorado—A few days ago we were presented with the question of discounting a promissory note secured by a first mortgage, reading as follows:

> "In instalments of $50 per month, beginning with August 1, 1918, I promise to pay to the order of John Doe the amount of $2,000, with interest at the rate of 6 per cent. per annum, payable monthly. Value received. (Signed) Wm. Smith."

Upon scrutinizing the reverse side of the note upon which the instalment payments had been listed we noticed that the payment due September 1, 1918, was not paid until September 15, 1918, and that the payment due January 1, 1919, was not paid until January 28, 1919. Would we be considered a holder in due course in purchasing this note? What procedure would we have to take to preserve the liability of the indorser who indorsed unqualifiedly in case one or several of the instalments should not be paid at their respective maturities? In other words, would we be obliged to give notice to the indorser immediately upon failure of the maker of the note to meet the instalment when due?

1. The first question for consideration is the effect of payment and credit of an instalment after its due date, as discrediting the instrument in the hands of a subsequent purchaser and depriving him of the status of a holder in due course.

A holder in due course, according to the Negotiable Instruments Act, must not only acquire the instrument in good faith and for value, but before it is overdue "without notice that it had been previously dishonored, if such was the fact," and also without notice of any infirmity in the instrument or defect in the title of the person negotiating it.

In the case of a note payable in instalments, if an instalment is overdue at the time the instrument is transferred, the purchaser takes the whole note as overdue paper and is not a holder in due course. Hall *v.* Wells, 24 Calif. App. 238, 141 Pac. 53; Field *v.* Tibbetts, 57 Me. 358; Vinton *v.* King, 4 Allen (Mass.) 562; Vette *v.* La Barge, 64 Mo. App. 179; McCorkle *v.* Miller, 64 Mo. App. 153; Norwood *v.* Leeves, 115 S. W. (Tex. Civ. App.) 53.

In Vinton *v.* King, *supra,* the court said: "But the ground assumed by the plaintiff is, that in this case the note had not, within the rule of law on this subject, come to maturity, and was not overdue and dishonored before it was transferred to him, because the time for payment of the last three instalments had not then come. This ground is not maintainable. As to the first instalment of $53 in six months, and interest on $212, the note had come to maturity and was overdue and dishonored when the plaintiff took it; and as to the amount of that instalment, it is not to be doubted that the defendant may make the same defense against the plaintiff, which he might have made against the payee. And we are of opinion that he may make the same defense to the whole note. The note is a single contract to pay $212 in four half-yearly instalments, and the plaintiff took it with notice on its face that, as to the first instalment, the defendant might have a justifiable cause for withholding payment, whatever that

cause might be; whether a cause which affected that instalment only—as a relief thereof by the payee, or a legal set-off against him to the amount thereof—or a cause which, between him and the payee, vitiated the whole note, as want or failure of consideration, unlawful consideration, fraud or duress. And if the payee had sued for the recovery of the first instalment before the second was made payable, the defendant might have defeated the action, by showing that the note was wholly void; and a judgment for him, on such ground of defense, would have been conclusive against the maintenance, by the payee, of a subsequent action to recover the other instalments. Black River Savings Bank *v.* Edwards, 10 Gray."

It is very clear from the above cases cited that if an instalment of a note is past due and unpaid at the time of its transfer, the transferee is not a bona-fide purchaser without notice or holder in due course. But the rule is not so clear where, as in the case submitted, the instalment due on a note is not paid on the day it is due, but is paid before the note is transferred. What is the position of the purchaser in such case?

The reason for the rule given in McCorkle *v.* Miller, *supra,* namely, "where one or more of the instalments remain due, the presumption arises that there is some valid reason for the failure or refusal to pay, which, if established, would likely go to the defeat of the entire debt, and thus all subsequent purchasers or holders of the discredited paper are put on inquiry," would not apply where the instalment was not paid on its due date, but was paid before the transfer of the note.

And in Vette *v.* La Barge, *supra,* the court, while holding that a purchaser who acquires a note after default in payment of an instalment takes it subject to all equities, though it contains a false indorsement of the payment of the matured instalment, further said: "If the past instalments have been actually paid, he takes as a *bona-fide* purchaser without notice; but if they have not been paid, he must stand in the shoes of his vendor."

From this it would seem reasonable to conclude that where the instalment of a note was not paid on the day of its maturity but was paid before the transfer of the note, the transferee or purchaser would be a holder in due course and unaffected by equities which might be set up against the note in the hands of the original payee. But the Negotiable Instruments Act expressly provides that the holder in due course must take the instrument "without notice that it had been previously dishonored, if such was the fact," and in the case in question there has been a previous dishonor as to this particular instalment. This dishonor or discredit, however, has been cured, it would seem, by the subsequent payment of the instalment before transfer of the note, and it might be reasonable to assume that the instrument itself, carrying instalments not yet due, was still negotiable so that a purchaser would take without notice of equities, as a holder in due course. The rule is certainly so stated in the case of Vette *v.* La Barge, although the point was not in issue in that case. In view of the provision of the Negotiable Instruments Act, however, and until the point is directly passed upon, the question whether the purchaser before maturity of an instalment note bearing evidence that an instalment has been paid after its due date, takes the instrument as a holder in due course, is not entirely free from doubt.

2. With respect to the notice of dishonor required to be given to an indorser of an instrument payable in instalments, we considered this question in an opinion published in the JOURNAL for June, 1915, Vol. 7, page 998. We summarized the conclusion reached in that opinion as follows: "There would seem to be three classes of instalment notes: Those payable (1) by stated instalments, (2) by stated instalments with a provision that upon default in payment of any instalment or of interest the whole shall become due, (3) adding to the provision last stated the further provision making it optional with the holder to declare the whole debt due upon default in any instalment. The first two classes of note are expressly made negotiable by the Negotiable Instruments Act, but that Act is silent as to the negotiability of the third class. The weight of authority is to the effect that the first two classes of note become due, *ipso facto,* upon first default in payment of any instalment, but as to the third class, what little authority there is on the subject indicates the note does not become due upon default in payment of any instalment unless the holder affirmatively exercises his option to declare the whole note due. The first two classes of note being overdue and dishonored upon default in payment of any instalment, a subsequent purchaser takes subject to equities, and it would seem to follow that the entire note being dishonored, failure to give notice of dishonor would release the indorser entirely from liability. But to the contrary of this last stated conclusion, decisions in Massachusetts and Connecticut are to the effect that the indorser is only released from liability for those instalments as to which he has not received notice of dishonor and remains liable for subsequent instalments of the non-payment of which notice is given."

In the form of note submitted by you, which is a note payable by stated instalments, I think to preserve the liability of the indorser, notice of dishonor should immediately be given upon default in payment of any instalment at maturity thereof. By such default the entire instrument would be dishonored and such notice would preserve the liability of the indorser, although according to some decisions the failure to give notice would only release him from liability for the particular instalment, and not for subsequent instalments of which he receives notice of non-payment.

GARNISHMENT OF BANK UPON CERTIFICATE PAYABLE "IN CURRENT FUNDS"

There is a conflict of authority whether an instrument payable "in current funds" is negotiable and in a state where the point has not been decided, where a bank is served as garnishee at the instance of a creditor of the payee, the safer course is to refuse payment to the holder until the point is settled.

From Idaho—Will you kindly inform us whether a certifi-

cate of deposit payable in current funds is subject to garnishment.

Some time ago this bank was garnisheed and in the interrogatories we were asked if defendant had any money in this bank whether subject to check or on certificate of deposit.

In our reply we gave the amount subject to check and also the amount covered by the certificates of deposit. The certificates were later presented for payment and payment refused on account of the garnishment. The certificates were presented by a third party, who claimed to be an innocent purchaser. He is now threatening suit on account of payment having been refused.

We have been informed that an instrument payable in current funds is not negotiable and can therefore be garnisheed.

By the Idaho statute a garnishee cannot be held liable on any debt due upon negotiable paper unless such paper is delivered up to him, or he is fully exonerated or indemnified against any liability thereon after he may have satisfied the judgment. Ida. Rev. Codes 1908, Chap. 4, Sec. 4310k.

A certificate of deposit in the ordinary form is a negotiable instrument. But where the instrument is drawn payable "in current funds" there is a conflict of authority whether an instrument so payable is negotiable, although the numerical weight of cases is in favor of negotiability.

I do not find that the precise question has been decided in Idaho. If the Idaho courts should hold that a certificate of deposit payable "in current funds" is a negotiable instrument, the bank issuing same would not be liable to garnishment proceedings at the instance of a creditor of the payee, unless fully indemnified upon satisfying the judgment obtained thereon. If, however, it should be held in your state that such certificate of deposit was not negotiable then the bank would be liable as garnishee. The law not being definitely settled in Idaho, it was probably the safer course for your bank to refuse payment to the holder pending the garnishment proceedings. The cases which hold instruments payable "in current funds" non-negotiable are, generally speaking, not of such recent date as those which hold the contrary, but in the comparatively recent case of Dille *v.* White, 190 N. W. 909, decided by the Supreme Court of Iowa in 1906 and under the Negotiable Instruments Act, involving certain cashier's checks payable in current funds, the court held: "The checks here in controversy were not payable in money, but 'in current funds' and it is the settled law of this state that such instruments do not have the quality of negotiable paper." I think, therefore, it would have been unsafe, until the rule is positively settled in your state, for your bank to have paid its certificate of deposit drawn payable "in current funds" to the holder, after having been served as garnishee. The point could be cleared up either in the garnishment proceedings or in a suit against you by the holder upon the certificate.

The general rule is that the maker of a negotiable instrument cannot be made a garnishee in an action against the payee prior to its maturity and a certificate of deposit drawn in the ordinary form is a negotiable instrument.

GARNISHMENT OF BANK ON TIME CERTIFICATE OF DEPOSIT

A bank is not liable as garnishee upon a debt due upon a negotiable time certificate of deposit while same is outstanding, but it is incumbent upon the bank, upon being served as garnishee, to make answer concerning its indebtedness upon such certificate.

From Idaho—We are in doubt regarding the matter of reporting time certificates of deposit when an attachment is served on us. We have received various opinions from attorneys and other bankers, all of which raise more doubt in our minds. Will you kindly give us any information you can regarding the matter?

The Idaho statute provides that the garnishee shall not be held liable on any debt due upon negotiable paper unless such paper is delivered up to him, or he is fully exonerated or indemnified against any liability thereon after he may have satisfied the judgment. But if it shall be made to appear to the satisfaction of the court in which the proceedings are pending that the paper is in the possession or control of the defendant he may be compelled to produce it by attachment. Ida. Rev. Codes 1908, Chap. 4, Sec. 4310k.

While it is incumbent upon the bank, upon a copy of the interrogatories being served upon it as garnishee, to make full and true answer to the same under oath and file same in the cause within five days thereafter (Ibid., Sec. 4310c), yet the bank will not be held liable as garnishee upon a negotiable time certificate of deposit issued by it, unless such certificate is in its possession or control, or it is fully indemnified against any liability over thereon.

SET-OFF OF DEBT SECURED BY COLLATERAL AGAINST DEPOSIT

In California where a bank has mortgage security for a debt it must exhaust that security before it can apply in reduction of the debt any money belonging to the debtor on general deposit.

From California—A owes this bank $1,000 secured by a chattel mortgage. The chattel mortgage is due and I start foreclosure proceedings. Can I appropriate money on deposit to the credit of the mortgagor in the bank towards the payment of the note and mortgage, or must I first exhaust the chattel security?

It has been held in several jurisdictions that a bank is not entitled to apply a deposit to a debt of the depositor which is fully protected by other collateral securities (Bank *v.* McFerran, 11 Ky. Law Rep. 183; Furber *v.* Dane, 203 Mass. 108, 89 N. E. 227), and this is the statutory rule in California. (Gnarini *v.* Swiss American Bank, 162 Cal. 181, 121, Pac. 726 [holding that where a bank has mortgage security for a debt it must exhaust that security before it can apply in reduction or cancellation of the debt any money on deposit belonging to the debtor. This rule applies where the mortgage was not given by the debtor himself but by a third party. In either case the debt is secured by mortgage, and under Sec. 726 of the Code of Civil Procedure, the mortgage security must be exhausted by a foreclosure action before recourse can be had to the bank account or personal responsibility of the debtor. Nor can the mortgage be waived and an

action brought on the indebtedness]; Commercial Bank *v.* Kershner, 120 Cal. 495, 52 Pac. 848; McKean *v.* German Sav. Bank, 118 Cal. 334, 50 Pac. 656; Barbieri *v.* Ramelli, 84 Cal. 154, 23 Pac. 1086; John M. C. Marble Co. *v.* Merchants Nat. Bank, 15 Cal. App 347, 115 Pac. 59).

RIGHT OF HOLDER IN DUE COURSE OF STOPPED CHECK

Where a bank issued a check drawn upon itself to a payee and then refused payment of the check, an innocent purchaser for value from the payee has a right, as a holder in due course, to recover the full amount of the check from the issuing bank and also from the indorser, provided the liability of the latter has been preserved.

From Louisiana—A bank in Walton, Mass., issued a check payable to W. & Co. of this city. We cashed same for W. & Co., and now this check is returned to us by the bank which issued the check marked "payment stopped." We were under the impression that banks never stopped payment on checks that they had issued. This check was evidently issued by the Massachusetts bank for one of its customers, presumably in payment to W. & Co. for some merchandise. We stand to suffer a few hundred dollars' loss on this item. Will you kindly give us your legal opinion as to whether or not the issuing bank has the right to stop payment on this check.

The drawer of a check has the power so far as the drawee is concerned, to countermand payment of his check. And a bank, issuing a cashier's check drawn upon itself, as in the case stated by you, has it within its power to refuse payment. This act on its part, however, does not relieve it from payment to an innocent purchaser for value, technically known as a holder in due course. Concerning the rights of a holder in due course, the Negotiable Instruments Act provides:

"Sec. 57. A holder in due course holds the instrument free from any defect of title of prior parties, and free from defenses available to prior parties among themselves, and may enforce payment of the instrument for the full amount thereof against all parties liable thereon."

Your bank being a holder in due course would not be the loser of the amount but has a clear right of recovery from the issuing bank, and also from the indorser, provided the liability of the latter has been preserved by due notice of dishonor following demand and refusal to pay.

CERTIFICATION AFTER BANKING HOURS

Certification of a check after the usual banking hours is probably valid and the drawer would have no right to stop payment at the opening time the next business day.

From Ohio—Will you kindly favor us with your opinion regarding the certifying of checks after our closing hour. Has not the maker the right to stop payment on those checks up to our opening time the next business day?

In an opinion published in the JOURNAL of the Association for July, 1912 (Vol. V, page 19), I considered the situation where a bank certified or paid its customer's check after banking hours and the customer, before the opening of banking hours on the next day, sought to stop payment. The conclusion was reached that such payment or certification was probably valid, although the point had not been directly passed upon by the courts in a case between customer and bank.

Since the above decision was rendered the Appellate Division, 2d Dept. of the New York Supreme Court (Butler *v.* Broadway Savings Institution, 157 N. Y. Supp. 532, decided February, 1916), has held that a by-law of a savings bank that the bank shall be open for business daily from ten a. m. to three p. m. does not render illegal the payment of a draft without the fixed hours.

In that case a depositor gave a draft on her savings bank to the president of a mining company in payment for stock. It was her custom to draw drafts on her account with the bank in payment of her obligations and for that purpose she left her passbook with the bank. The payee presented the draft for payment at the bank at 9.30 on the morning following the sale of the stock. The bank honored the draft and entered the amount in the depositor's passbook. Meantime, repenting of her bargain, she went to the bank on the same morning for the purpose of intercepting payment. When she arrived there, at 9.40, she was informed the draft had been paid. The bank was accustomed to open at 9 a. m. and to pay similar drafts before 10 a. m., although it had a by-law which provided that "the bank shall be open for business daily from 10 o'clock a. m. to 3 o'clock p. m." The plaintiff did not know of the bank's custom to open at 9 o'clock. The court said: "She relies upon the by-law and claims that the act of the bank in paying the draft before 10 o'clock was illegal. The parties have submitted the question in controversy for the purpose of determining their respective rights. The bank claims that the payment was valid. If that contention is sound, this controversy is settled in its favor. We have not been supplied with a precedent, and we have been unable to find one. The rule quoted does not expressly prohibit the payment of a draft without the fixed hours. The rule is merely a regulation for the convenience of the bank. There is no evidence that in its terms it was designed to afford special protection to the depositors."

LOAN LIMIT OF KENTUCKY BANKS

The 20 per cent. loan limit to a single borrower provided by the Kentucky statutes does not permit a bank, after loaning the limit to a borrower and rediscounting his paper, to make a further loan to the same borrower while the original paper remains unpaid.

From Kentucky—We would like to have you give us your advice on the following subject, referring to any decisions upon which you base your opinion: If a customer is indebted to a bank up to the legal limit under Section 583, Kentucky Statutes, would a rediscount of his paper, reducing his direct indebtedness to the bank, permit the bank to loan the customer additional funds? Neither the original debt nor the proposed increase come under the exceptions in the last clause of the Amendment of 1918 to Section 583.

Section 583 of the Kentucky Statutes limits the total indebtedness to the bank of any one borrower, directly or indirectly, to 20 per cent. of the capital and surplus, unless secured by pledge of collateral or mortgage of real or personal property as described therein;

limits total indebtedness of a bank officer or director to 10 per cent. unless secured as therein described; limits total indebtedness in any event to 30 per cent. of capital and surplus; but provides that the discount of bills of exchange against actually existing values and the purchase or discounting of commercial or business paper actually owned by the person negotiating the same shall not be considered as borrowed money in fixing the limit of indebtedness of any person selling or negotiating such paper to the bank.

Your question is whether, where a bank has loaned the full limit to a borrower and afterwards rediscounts the paper on which the loan has been made, the bank will be thereby enabled to make further loans to the same borrower to the extent of the amount rediscounted, on the theory that by transferring the paper the direct indebtedness of the borrower thereon runs to the rediscounting bank.

I am unable to find any decision or departmental ruling in which this point has been passed upon, but I am of opinion that the loan limit would not be extended by such rediscount. The prohibition of the statute is against direct or indirect indebtedness of the borrower to the bank in excess of the limit. The fact that the borrower's paper has been rediscounted does not extinguish his liability to the bank thereon, which exists until the paper is paid. In the event of non-payment and recourse of the holder upon the bank as indorser, the latter would have right of recovery upon the paper from the borrower. Suppose a bank with a loan limit of $10,000 to a single borrower loaned a person $10,000 upon his note and then, after rediscounting the paper, made a further loan of $10,000 to the same borrower upon another note. In the event of non-payment of the first note and the bank being compelled to take up the paper, it would hold $20,000 of the paper of a single borrower, which would be in excess of $10,000 over the amount allowed by law.

It has been held in Kentucky that bank directors who consent to the loan of funds in excess of the statutory limit may be held personally liable for the loss occasioned by such act. (Cunningham *v.* Shellman, 175 S. W. 1045; Wickliffe *v.* Turner, 157 S. W. 1125.)

LOSS OF NATIONAL BANK STOCK

Upon claim of loss or destruction of a certificate of stock in a national bank in New Jersey, the bank is entitled as a prerequisite to issuing a new certificate, to a bond of indemnity, in the discretion of its board of directors, in such sum as the directors may direct—It is not essential that a corporation bond be taken nor is it within the province of a national bank examiner to pass upon sufficiency of the bond—The New Jersey statute authorizing requirement of bond in case of a lost or destroyed certificate of stock is applicable to a national bank.

From New Jersey—Will you kindly instruct us how to proceed in the case of a lost certificate of this (national) bank's stock? The circumstances are as follows: One of our shareholders wishing to dispose of his stock discovers that the certificate is lost and feels sure that it has been burned with other papers. Assuming that we must have a bond of indemnity, should it be a corporation bond in order to meet the requirements of the national bank examiners and should it be for a fixed term of years? Would advertising the loss eliminate the necessity of a bond of indemnity? If not, would it be necessary to advertise, provided the bond is approved by the bank examiners? We will appreciate full information and instructions in this matter, as we do not want to make the transfer until adequate provision has been made for our protection.

The New Jersey statute with respect to lost certificates of stock provides that every corporation may issue a new certificate of stock in place of any certificate alleged to have been lost or destroyed, and the directors authorizing such issue of a new certificate may, in their discretion, require the owner of the lost or destroyed certificate to give the corporation a bond, in such sum as they may direct, as indemnity against any claim that may be made against such corporation. A new certificate may be issued without requiring any bond when, in the judgment of the directors, it is proper to do so. (Comp. St. N. J., Art. XIII, §111 [P. L. 1896, p. 314].)

And in case of refusal of the corporation to issue a new certificate under such circumstances, the owner of the lost certificate may apply to the circuit court of the county in which the principal office of the corporation is located for an order requiring the corporation to show cause why it should not be required to issue a new certificate in place of the one lost or destroyed.

If, upon the hearing, no sufficient cause is shown why a new certificate should not be issued, the court shall make an order requiring the corporation to issue such certificate; in making such order the court shall direct the petitioner to deposit such security, or file such bond in such form and with such security as to the court shall appear sufficient to indemnify any person other than the petitioner who shall thereafter appear to be the lawful owner of such certificate alleged to have been lost, stolen or destroyed; and the court may also direct publication of such notice, either preceding or succeeding the making of such final order, as it may deem proper. (Ibid., §§112, 113 [P. L. 1896, pp. 314, 315].)

It will thus be seen that in the first instance the filing of an indemnity bond as a condition precedent to the issuance of a new certificate is within the discretion of the corporation directors; but where court action is necessary to compel the corporation to issue such certificate, the giving of the indemnity bond is mandatory, but the nature of the security and the form of the bond is within the discretion of the court; likewise, the necessity for publication of notice of the loss of the certificate, or not, is left by the statute to the sound discretion of the court.

The New Jersey statute would, we think, apply in the case of lost stock of a national bank. It has been held that a state legislature may provide for the issuance of a certificate of stock by a national bank in the place of a certificate lost by the holder, as long as the remedy afforded to the stockholder does not affect the internal management or policy of the bank nor subject it to any burdens which might touch it in its character as a Federal agency. In re Hayt, 39 Misc.

356, 79 N. Y. Suppl. 845, decided under N. Y. Stock Corporation Law (N. Y. Laws 1892, ch. 688, §§50, 51), which provides for the issuance of a certificate of stock in the place of one lost by the holder on application to the Supreme Court. It was there held that the the statute applied to an application by a stockholder of a national bank, who had lost her certificate of stock, for the issuance of a new one, under 22 Stat. 1882, ch. 290, §4 [U. S. Comp. St. 1901, p. 3458], providing that the courts of a state shall have the same jurisdiction over suits by or against national banks which they have over suits against banks not organized under any law of the U. S. On this point the court said:

"In matters pertaining to their internal management, as Federal agencies, national banks cannot be controlled by state laws, nor can a state law prevail where the same subject is covered by an act of Congress, nor where the effect of the state law would be to impair the efficiency of these agencies in the discharge of the duties which they were created to perform; * * * The present question—*i. e.*, the availability of a remedy given by a state statute to a stockholder who has lost his certificate of stock—does not relate to the transfer of stock, nor to the negotiable character of stock when issued. The internal management or policy of the bank is not affected, and the remedy thus afforded to the stockholder does not subject the bank to any burdens which might touch it in its character as a Federal agency. The bank is not made liable, as upon a double issue, for the liability is transferred to the bond, and the requirement of the order in such a proceeding is not for an issue of stock, but for the furnishing of evidence to the stockholder of his actual holding. The proceeding is to enforce a right given by the statute, but the right is not in conflict with Federal laws, nor with any policy upon which the national banking system is founded; and in the enforcement of rights generally, whether based upon a statute or otherwise, the courts of this state have the same jurisdiction over national banks as over banks organized under state laws. * * * Stat. 1882, c. 290, §4 [U. S. Comp. St. 1901, p. 3458]. And see Hiscock *v.* Lacy, 9 Misc. Rep. 598, 30 N. Y. Supp. 860."

The Federal statute (U. S. Rev. St., §5240) does not confer upon U. S. national bank examiners any power or authority with respect to passing upon the form or validity of indemnity bonds accepted by banks upon issuing duplicate certificates of stock for lost or destroyed certificates, and upon inquiry at the U. S. national bank examiner's office in New York, we are informed that they have never attempted to exercise any such authority or supervision in actual practice; and there is no reason why they should, for, as Bischoff, J., says in the New York case quoted *supra*, "The bank is not made liable, as upon a double issue for the liability is transferred to the bond, and the requirement of the order in such a proceeding is not for an issue of stock, but for the furnishing of evidence to the stockholder of his actual holding."

In the light of the above and specifically replying to the questions asked in your communication, it is within the province of your board of directors to authorize the issuance of a new certificate of stock in place of the one claimed to be lost and to determine whether or not an indemnity bond shall be required. Assuming that the directors decide such indemnity bond is necessary for the bank's safety to safeguard against the possibility of the subsequent transfer of the original certificate indorsed in blank to a *bona-fide* purchaser, the question whether such bond shall be that of a corporate surety or an individual bond is one which rests within the discretion of the directors. The statute provides that the directors "may, in their discretion, require the owner of the lost or destroyed certificate to give the corporation a bond, in such sum as they may direct, as indemnity against any claim that may be made against such corporation." No time limit or term of years for its duration should be fixed in the bond, but it should be upon condition substantially that if the stockholder shall cause the said certificate, when discovered or recovered, to be forthwith delivered to the bank, the bond shall become void. As shown above, it would not be within the province of the national bank examiner to pass upon the form or sufficiency of the bond. Nor would an advertisement of loss of the stock certificate eliminate the necessity or desirability of a bond of indemnity.

STATE TAXATION OF NATIONAL BANKS

A state has no power to impose a tax on the capital stock of a national bank, nor to compel a national bank to pay tax or premium under a Workmen's Compensation Act.

From North Dakota—The North Dakota Legislature passed a law taxing all banks $0.50 on their capital stock and we have just had a notice of assessments for the same. Under the Workmen's Compensation Act we have also been assessed a tax or premium for a premium covering accidents of our employees. You are no doubt acquainted with these laws and we would like to have your opinion whether we are obliged as a national bank to pay these assessments or taxes, not being under the jurisdiction of the state, except as Congress gives them certain taxing power as regarding national banks.

The Supreme Court of the United States, in Owensboro National Bank *v.* City of Owensboro, 173 U. S. 664, declared that the respective states would be wholly without power to levy any tax, either directly or indirectly, upon the national banks, their property, assets or franchises, were it not for permissive legislation of Congress and that Section 5209, U. S. Revised Statutes, "is the measure of power of the state to tax national banks, their property or their franchises. By its unambiguous provisions, the power is confined to a taxation of shares of stock in the names of shareholders and to an assessment of real estate of the bank. Any state tax, therefore, which is in excess of, and not in conformity with, these requirements is void."

It is clearly beyond the power of the state, therefore, to tax a national bank upon its capital stock, and equally it would seem beyond the power of the state to compel a national bank to pay a tax or premium under a Workmen's Compensation Act enacted by the state to cover accidents to its employees. I do not find that this latter question has come before the courts in any state, but such a conclusion seems inevitable.

LIBRARY LIMELIGHT

THE books contained in the following list are recommended for bank libraries and individual reading. If such books cannot be obtained through local dealers they will be furnished by the Library of the American Bankers Association at the prices indicated, which include wrapping and transportation. Checks should accompany orders.

A B C OF THE FEDERAL RESERVE SYSTEM. By E. W. Kemmerer. Price, $1.65.

CREDIT AND ITS USES. By W. A. Prendergast. Price, $2.15.

COMMERCIAL GEOGRAPHY. By C. C. Adams. Price, $1.65.

FOREIGN EXCHANGE EXPLAINED. By Franklin Escher. Price, $1.40.

FINANCIAL HISTORY OF THE UNITED STATES. By D. R. Dewey. Price, $2.70.

FUNDS AND THEIR USES. By F. A. Cleveland. Price, $2.

MONEY AND BANKING. By J. T. Holdsworth. Price, $2.65.

RURAL CREDITS. By Myron T. Herrick. Price, $2.65.

PRINCIPLES OF BOND INVESTMENT. By Lawrence Chamberlain. Price, $5.20.

PRINCIPLES OF ECONOMICS. By Henry S. Seager. Price, $2.65.

BUSINESS OF THE HOUSEHOLD. By C. W. Taber. Price, $2.20.

MODERN TRUST COMPANY; ITS FUNCTIONS AND ORGANIZATION. By F. B. Kirkbride and J. E. Sterrett. Price, $2.70.

THEORY AND HISTORY OF BANKING. By C. F. Dunbar. Enlarged by Oliver M. W. Sprague. Price, $1.65.

ORGANIZED BANKING. By E. E. Agger. Price, $3.20.

PHYSICAL CULTURE. In the form of an illustrated poster the Library of the American Bankers Association provides a series of "Everyday Exercises for Everybody," designed not to make athletes, but simply to develop the fundamental functions of respiration, digestion and elimination. Price, 50 cents.

FEDERAL FARM LOAN SYSTEM. By Herbert Myrick. Price, $1.15.

NEW YORK STOCK EXCHANGE. By H. S. Martin. Price, $1.10.

BANK LAW AND TAXATION DIGEST. By Milton W. Harrison. Price, $2.50.

The foregoing list will be gradually extended as circumstances may seem to warrant.

Pamphlets and Papers

Upon application to the Library any of the following pamphlets and papers will be sent without charge to members of the American Bankers Association:

PAMPHLETS

"Our Public Debt." By Harvey H. Fisk.

"Trade Acceptance Experiences." By James A. Green.

"Currency in Circulation." Letter by W. P. G. Harding.

"Domestic Acceptances Financing Warehoused Staples." By R. S. Hecht.

"Government Ownership of Railroads." By Otto H. Kahn.

"The Menace of Paternalism." By Otto H. Kahn.

"American Bankers Acceptances and Foreign Trade." By Fred. I. Kent.

"Foreign Investments in Their Relation to the Future of This Country." By Fred. I. Kent.

"Causes Underlying Social Unrest." By George E. Roberts.

"Acceptances as the Basis of the American Discount Market." By John E. Rovensky.

"Foreign Exchange." By Hunt Turner, Jr.

"Acceptances in Our Domestic and International Commerce." By Paul M. Warburg.

"Dangers to be Avoided in Trade Acceptance Practice." By David C. Wills.

"The Economic Functions of a Country Bank." By S. Eugene Whiteside.

"The Banker and Trade Acceptances." By George Woodruff.

"In What Form and Manner Can Exporters Cooperate for Developing Foreign Credit Information?" By H. F. Beebe.

"Export Technique: Job Analysis of an Exporting House." By D. E. Delgado.

"American Shipbuilding." By Homer L. Ferguson.

"Shall American Business Enterprise be Restricted?" By Edward N. Hurley.

"America's Financial Equipment for Foreign Trade." By Fred. I. Kent.

"Foreign Exchange." By J. McCurrah.

"Packing for Export." By H. R. Moody.

"Export of Industrial Products." By Edward Prizer.

"The Relation of Inland Waterways to Foreign Trade." By James E. Smith.

"Victory and Other Liberty Loan Acts, with Excerpts from Other Acts of Congress Concerning the Public Debt." By Bankers Trust Company.

"The Trust Company, What it is and What it Does." By Continental and Commercial Banks.

"Canada, Economic Position and Plans for Development." By Guaranty Trust Company.

"How Business with Foreign Countries is Financed." By Guaranty Trust Company.

"Safe Keeping of Securities." By Guaranty Trust Company.

"Shipping's Share in Foreign Trade." By Guaranty Company.

Changes Among Bank Officers

Following is a list of changes in institutions which are members of the American Bankers Association, reported to the Journal from September 26 to October 25, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members.

ARKANSAS

Dermott—Dixon Gaines elected cashier Exchange Bank & Trust Company, succeeding W. J. Splawn, resigned.

Little Rock—Virgil Pettie elected vice-president The England National Bank.

Searcy—George D. Booth elected president Peoples Bank, succeeding E. A. Robbins, deceased; John S. Sanford appointed vice-president, succeeding P. A. Robertson, deceased.

CALIFORNIA

Alhambra—William J. Bettengen elected vice-president Alhambra Savings and Commercial Bank, succeeding R. F. Bishop; Myron E. Etienne appointed cashier, succeeding G. G. Goodwin.

Glendale—W. C. Anderson elected cashier First National Bank, succeeding E. M. Lee.

Lemoore—Maurice L. Wells resigned as cashier First National Bank.

Los Banos—Fred Caudle elected cashier Bank of Los Banos, succeeding C. W. Hawks, resigned.

Placentia—J. E. Scott elected cashier Placentia National Bank, succeeding E. C. Hazzard.

San Jose—Paul Rudolph, formerly assistant cashier, elected cashier The First National Bank.

Winters—J. A. Henderson elected cashier First National Bank of Winters, succeeding Carroll S. Culton, resigned.

COLORADO

Limon—F. R. Gill elected president Limon State Bank, succeeding J. M. McClure.

CONNECTICUT

Rockville—Francis J. Regan elected president First National Bank, succeeding George Talcott, deceased.

South Manchester—Harold C. Alvord elected treasurer Manchester Trust Company.

Waterbury—John P. Elton, formerly vice-president, elected president Dime Savings Bank, succeeding Henry H. Peck, deceased; Arthur R. Kimball now vice-president.

IDAHO

Hansen—Jay B. Taylor elected cashier Bank of Hansen, succeeding H. B. Provost, resigned.

ILLINOIS

Chicago—John J. Arnold resigned as vice-president First National Bank.

Chicago—John A. Shannon elected cashier Continental and Commercial Trust and Savings Bank, succeeding Chas. C. Willson.

Chicago—Bruce D. Smith resigned as vice-president Northern Trust Company.

Viola—R. M. Allely elected cashier Farmers Bank of Viola, succeeding John G. Zern.

IOWA

Clinton—Alfred C. Smith elected president City National Bank.

LOUISIANA

New Orleans—R. N. Sims elected vice-president Hibernia Bank & Trust Company.

MASSACHUSETTS

Greenfield—D. Rollin Alvord, formerly assistant cashier, appointed cashier First National Bank, succeeding Albert B. Allen, resigned.

Orange—Elwyn H. Ball elected cashier Orange National Bank, succeeding Spencer A. Reed, resigned.

MINNESOTA

St. Paul—Fred. P. Fellows, formerly secretary, elected vice-president Capital Trust & Savings Bank; Harold B. Cutler, now secretary.

MISSISSIPPI

Columbus—Parker Reeves, formerly cashier, elected vice-president Merchants & Farmers Bank, succeeding R. B. Hardy, deceased.

Meridian—C. M. Lawrence elected vice-president Guaranty, Loan, Trust and Banking Company, succeeding Linwood Griffin, resigned.

MISSOURI

Kansas City—Norris Bordadus elected vice-president Stock Yards National Bank.

NEBRASKA

Ainsworth—C. F. Howe, formerly vice-president, elected president Citizens State Bank; Robert M. Herre appointed vice-president.

NEW JERSEY

Camden—Ephraim Tomlinson, formerly vice-president, elected president Camden Safe Deposit & Trust Company.

Red Bank—Henry Campbell elected president Red Bank Trust Company, succeeding Newton Doremus.

NEW MEXICO

Tatum—W. F. Dillar elected cashier First State Bank, succeeding John H. P. Jones, resigned.

NEW YORK

Buffalo—Stanley J. Pawlowski elected cashier Broadway National Bank, succeeding Harry G. Struif.
Buffalo—R. J. H. Hutton resigned as vice-president Marine Trust Company.
New York—Thomas L. Robinson elected vice-president American Exchange National Bank.
New York—Daniel W. Quinn, Jr., elected vice-president American Trust Company.
New York—T. Tasso Fischer elected president Bronx Savings Bank, succeeding Wm. B. Aitken, deceased; Wm. J. Cunningham, appointed treasurer.
New York—Geo. F. A. Olt, formerly assistant cashier, elected cashier Commonwealth Bank, succeeding Albert C. Fuchs, deceased.
New York—Herman J. Cook retired as vice-president Equitable Trust Company of New York.
New York—Charles W. Weston elected vice-president Metropolitan Trust Company.

NORTH DAKOTA

Hampden—E. R. Swarthout, formerly cashier, elected president First National Bank, succeeding F. C. Lord, deceased; Y. A. Nelson, formerly assistant cashier, now cashier.
Hannah—W. J. Laidlaw elected vice-president State Bank of Hanna, succeeding J. D. Milne, resigned.

OHIO

Cincinnati—A. L. Shreve appointed cashier Second National Bank, succeeding Edward A. Sisson, resigned; H. W. Bauer appointed vice-president.
Tiffin—Forrest R. Miller elected cashier Commercial National Bank.
Wooster—William Harris, formerly cashier, elected president Citizens' National Bank, succeeding Dr. R. A. Biechele; C. P. Blough now cashier.

OKLAHOMA

Duncan—George L. Wilson elected president Duncan National Bank.
Enid—J. A. Julien elected vice-president succeeding C. O. Fritz.
Wetumka—F. R. Phelps, formerly assistant cashier, elected cashier First National Bank, succeeding Bailey R. Stephens, resigned.

OREGON

Joseph—Fred W. Falconer elected president First National Bank of Joseph, succeeding L. Knapper, retired.

PENNSYLVANIA

Philadelphia—Richard S. McKinley, formerly assistant cashier, elected vice-president Bank of North America.
Philadelphia—William R. Lyman and Frank C. Eves elected vice-presidents Colonial Trust Company; I. H. Davidson, Jr., appointed secretary.

TEXAS

Austin—L. D. Williams elected cashier American National Bank.
Fort Worth—T. J. Caldwell elected vice-president Fort Worth National Bank; W. M. Massie, formerly cashier, elected vice-president; R. W. Fender, formerly assistant cashier, now cashier.
Plainview—R. A. Underwood, elected cashier First National Bank, succeeding A. B. DeLoach, resigned.
Yoakum—M. C. Driscoll, formerly cashier elected vice-president Yoakum State Bank; E. J. Bucek, formerly assistant cashier, now cashier; R. S. Chambers elected vice-president.

WISCONSIN

Clinton—C. W. Collver elected president Citizens Bank, succeeding H. S. Moehlenpah, resigned.
Grand Rapids—Earle M. Pease resigned as vice-president First National Bank.
Milladore—L. L. Straw elected cashier Milladore State Bank, succeeding W. O. Dyer, resigned.

Registration at the Association Offices

Reported from September 26 to October 26, 1919

Barber, R. H., cashier Arthur State Bank, Arthur, Neb., and president Bank of Keystone, Keystone, Neb.

Belcher, E. R., cashier Plymouth National Bank, Plymouth, Mass.

Cox, J. Elwood, president Commercial National Bank, High Point, N. C.

Dowler, F. T., assistant cashier, Center Wheeling Savings Bank, Wheeling, W. Va.

Massey, C. R., vice-president Bank of Commerce, Sheridan, Wyoming.

Meyer, Oscar A., assistant cashier, First National Bank, Oswego, N. Y.

Mills, C. B., president Midland National Bank, Minneapolis, Minn.

Mullen, D. A., manager Colonial Trust Company, Pittsburgh, Pa.

Prince, N. D., vice-president Hartford-Connecticut Trust Company, Hartford, Conn.

Steinfeld, Albert, president Consolidated National Bank, Tucson, Arizona.

Stevens, C. W., assistant cashier Old Colony Trust Company, Boston, Mass.

Wallace, G. M., assistant cashier Security Trust & Savings Bank, Los Angeles, Cal.

Wilkinson W. C., vice-president and cashier Merchants & Farmers National Bank, Charlotte, N. C.

Trust Company Section

Three Chapters Present Trust Company Courses

The New York, Philadelphia, and Pittsburgh Chapters of the A. I. B. are conducting comprehensive courses on trust company work during the season of 1919-1920.

New York Chapter has presented an outline of twelve lectures. The first seven lectures will be devoted to the administration of the estate of one John Doe, and the remaining lectures will deal with some phase of trust company work. The plan of the first seven lectures is as follows:

John Doe has died, leaving an estate of one million dollars in both real and personal property, to be administered by a trust company, appointed executor and trustee of his estate. The real property will consist of various parcels, both improved and unimproved. The personality will consist of cash in banks and various classes of stocks and bonds.

Each one of the seven lectures will take up some phase of the work of properly managing the estate, until the final accounting, and will include two lectures on taxes, one on the Federal Income Tax and one on the New York State Income Tax.

The work has been planned so that these last mentioned lectures will be given, the one on Federal Income Tax on December 17, and the one on New York State Income Tax on January 14. Each lecture will be given by some well known authority on the particular phase of work involved.

The Community Foundation or Trust will be presented in March, 1920. A lecture on the "Organized Development of Trust Company Service" will set forth the activities of the Trust Company Section of the American Bankers Association and the trust company sections of the various state organizations.

Twenty-five evenings will be given by Philadelphia Chapter for the consideration of the following subjects: Functions of Trust Companies; The Federal Reserve Act, and the Relation of Trust Companies Thereto; Deposits—Domestic and Foreign Exchange, Travellers' Checks, Letters of Credit; Loans and Discounts—Re-discounts and Commercial Paper, Particular Reference to Collateral Loans and Methods of Watching the Market for Securities; Individual Trust Department—Executor and Administrator, Functions, Responsibilities, etc.; Trusts and Trustees, Under Wills and Under Deeds; Guardian, Committee and Agency Accounts; Pennsylvania Fiduciaries Act—the Interstate Act—Wills Act, Practice before Register of Wills, Register of Wills Act, Probate of Wills; Trust Investments; Real Estate, Management, Selling and Leasing, Title Insurance, Conveyancing, Investment; Mortgages and Ground Rents—Methods of Placing, Inspection, Drawing of Papers, Methods of Settlement; Stocks and Their Features; Bonds and their Features; Transfer Department, Coupon Payments, etc.; Inheritance Taxes—State, Federal, Transfer Taxes; Income Taxes; Orphans' Court Accounting—Trust Bookkeeping.

Pittsburgh Chapter presents ten lectures covering the functions of trust companies as follows: Individual Trust Department—Executor and Administrator; Trusteeships Under Wills and Deeds; Guardianships; Letters of Attorney, Agency Accounts, Real Estate; Trust Investments; Accounting, Trust Department; Orphans' Court; Corporation Loan and Bond Issues; Rediscounting and Commercial Paper; Practice Before the Register of Wills; Stock Registration and Transfer.

The Trust Company Section of the American Bankers Association will gladly co-operate with any chapter of the Institute or trust company organization, desiring to develop an increased knowledge and efficiency in the active work of the trust company.

The Employment Manager

The special attention of members is invited to the article by Mr. Hathaway in another section in this issue of the JOURNAL, setting forth the duties and activities of the new office of employment manager.

Members maintaining such an office or interested in the work of the employment officer are invited to communicate with Leroy A. Mershon, Secretary, 5 Nassau Street, New York City.

A New Community Foundation

On October 14th, the Wachovia Bank and Trust Company of Winston-Salem, North Carolina, created four Community Foundations, one for each of the following cities in which it has an office: Winston-Salem, Asheville, Salisbury, and High Point. The day following the establishment of these Foundations, a patriotic citizen presented his check for $1,000.00, payable to the Foundation.

The board of directors of the trust company also created on October 14th, the North Carolina Baptist Foundation for the purpose of receiving gifts for the benefit of that denomination. This is the first statewide trust for religious purposes, representing a special denomination.

The Wachovia Bank and Trust Company anticipates the use of a great deal of literature in promoting their foundations.

State Vice Presidents, 1919-1920

At the Conventions of the State Bankers Associations, held during the past year, the following officers were elected or re-elected as State Vice-Presidents for the Trust Company Section for the year 1919-1920. They will serve the Section during the year and report at the 1920 Convention:

ALABAMA—E. W. Ladd, president Merchants Bank, Mobile.
ARIZONA—W. C. Foster, secretary-treasurer Phoenix Savings Bank & Trust Company, Phoenix.
ARKANSAS—Charles G. Henry, president Arkansas Bank & Trust Company, Newport.
CALIFORNIA—L. H. Roseberry, Trust Attorney, Security Trust & Savings Bank, Los Angeles.
COLORADO—D. S. Stone, President, United States Bank & Trust Company, Grand Junction.
CONNECTICUT—C. S. Boise, Treasurer, Seymour Trust Company, Seymour.
DELAWARE—Richard Reese, vice-president Equitable Trust Company, Wilmington.
DISTRICT OF COLUMBIA—John B. Larner, president The Washington Loan & Trust Company, Washington.
FLORIDA—R. E. Wheeler, chairman of board Guaranty Trust & Savings Bank, Jacksonville.
GEORGIA—F. S. Etheridge, president Atlanta Trust Company, Atlanta.
IDAHO—William Thomson, president Idaho Trust Company, Lewiston.
ILLINOIS—George W. Telling, president Commercial Trust & Savings Bank, Danville.
INDIANA—J. V. Carpenter, secretary Brazil Trust Company, Brazil.
IOWA—J. F. Toy, president National Bank of Commerce, Sioux City.
KANSAS—L. W. Clapp, president, First Trust Company, Wichita.
KENTUCKY—A. G. Stith, vice-president Louisville Trust Company, Louisville.
LOUISIANA—C. G. Rives, Jr., vice-president Interstate Trust & Banking Company, New Orleans.
MAINE—Geo H. Weeks, vice-president Fidelity Trust Company, Portland.
MARYLAND—F. G. Boyce, vice-president Mercantile Trust & Deposit Company, Baltimore.
MASSACHUSETTS—Charles G. Bancroft, president International Trust Company, Boston.
MICHIGAN—Claude Hamilton, vice-president Michigan Trust Company, Grand Rapids.
MINNESOTA—D. L. Case, vice-president, Minneapolis Trust Company, Minneapolis.
MISSISSIPPI—O. B. Taylor, vice-president Merchants Bank & Trust Company, Jackson.
MISSOURI—Thos. C. Hennings, vice-president Mercantile Trust Company, St. Louis.
MONTANA—Peter J. Osweiler, cashier Bank of Fergus County, Lewiston.
NEBRASKA—Geo. H. Thummel, Vice-President, First Trust Company, Omaha.
NEVADA—Moses Reinhart, president Winnemucca State Bank & Trust Company, Winnemucca.
NEW HAMPSHIRE—Joseph L. Clough, treasurer Nashua Trust Company, Nashua.
NEW JERSEY—J. H. Bacheller, president Ironbound Trust Company, Newark.
NEW MEXICO—C. S. White, vice-president First National Bank, Albuquerque.
NEW YORK—George P. Kennedy, president Italian Discount & Trust Company, New York.
NORTH CAROLINA—Graham H. Andrews, Vice-President, Raleigh Savings Bank & Trust Company, Raleigh.
NORTH DAKOTA—P. L. Clemens, secretary Northern Trust Company, Fargo.
OHIO—E. S. Hanson, vice-president Superior Savings & Trust Company, Cleveland.
OKLAHOMA—H. L. Standeven, active vice-president, Exchange Trust Company, Tulsa.
OREGON—William Pollman, President, Baker Loan & Trust Company, Baker.
PENNSYLVANIA—A. C. Robinson, president Peoples Savings & Trust Company, Pittsburg.
RHODE ISLAND—Henry B. Congdon, secretary Industrial Trust Company, Providence.
SOUTH CAROLINA—W. K. McDowell, president Exchange Banking & Trust Company, Charleston.
SOUTH DAKOTA—A. Kopperud, president Security Bank & Trust Company, Webster.
TENNESSEE—Walter McCoy, cashier Mechanics Bank & Trust Company, Knoxville.
TEXAS—D. Ansley, vice-president Central Trust Company, San Antonia.
UTAH—F. M. Michelsen, cashier Utah Savings & Trust Company, Salt Lake City.
VERMONT—F. G. Howland, treasurer Barre Savings Bank & Trust Company, Barre.
VIRGINIA—H. M. Kerr, president Trust Company of Norfolk, Norfolk.
WASHINGTON—W. J. Kommers, vice-president Union Trust Company, Spokane.
WEST VIRGINIA—H. A. Abbott, cashier, Grafton Banking & Trust Company, Grafton.
WISCONSIN—W. H. Purnell, secretary North Western Loan & Trust Company, Kenosha.
WYOMING—F. G. S. Hesse, president Wyoming Loan & Trust Company, Buffalo.

Mortuary Record of Association Members

Reported from September 26 to October 25, 1919

Anderson, Frank, vice-president Farmers and Stockgrowers National Bank, Heppner, Ore.
Biechele, R. A., president Citizens National Bank, Wooster, Ohio.
Brown, C. H., president First National Bank, Inglewood, Cal.
Butscher, Albert, president State Bank of Boyd, Boyd, Wis.
Chamberlain, G. R., vice-president First National Bank, Peru, Ind.
Coffman, W. H., president Itasca National Bank, Itasca, Texas.
Fanton, John H., Union Savings Bank, Danbury, Conn.
Fuchs, Albert C., cashier Commonwealth Bank, N. Y.
Hamilton, Frank T., vice-president Merchants National Bank, Omaha, Neb.
Hooper, Dr. John R., cashier Commonwealth Bank, Baltimore, Md.
Meyer, Herman A., president Davis National Bank, Davis, W. Va.
Monroe, Chas. J., president First State Bank, South Haven, Mich.
Rea, J. B., vice-president Golden State Bank, Anaheim, Cal.
Rice, W. W., cashier Watertown National Bank, Watertown, N. Y.
Richards, Joseph H., vice-president City National Bank, Long Beach, Cal.
Robbins, R. D., president Bank of Suisan, Suisan, Cal.
Teichman, Otto L., president United States Bank, St. Louis, Mo.
Troutman, J. H., president Butler Savings Bank & Trust Company, Butler, Pa.
Wallace, James N., president Central Union Trust Company, New York, N. Y.
Wilson, E. L., vice-president First National Bank, Linnton, Ore.

Savings Bank Section

Executive Committee Meeting

The Executive Committee of the Savings Bank Section will meet in New York, November 18, by call of the President, to consider organization of committees and to outline the Section's activities for the current year.

Massachusetts Officers' Club

At a meeting of the Massachusetts Savings Bank Officers' Club, Young's Hotel, Boston, October 24th, about 250 officers were present. It was the first quarterly meeting of the season.

George E. Brock, president of the Home Savings Bank of Boston, spoke on "Facts about the Monthly Interest Bills." He discussed the law recently passed in Massachusetts to permit interest to be computed by months instead of by quarters, the law having been the subject of a referendum vote to be held this month. He pointed out that the new rule was permissive, not compulsory.

S. Fred Strong, treasurer of the Connecticut Savings Bank of New Haven, and President of the Savings Bank Section, spoke on "Service." He urged the importance of officers and employees of every institution for saving giving particular thought and attention to the service which can be rendered to depositors.

"The only thing a savings bank has to sell," said Mr. Strong, "is service, and on the quality of that service depends to a great extent the success of a savings institution.

"More than capital and surplus, more than years of experience, more than marble, mahogany, and steel, satisfactory service is the factor that will bring certain success to any savings bank."

Milton Harrison, executive manager of the Savings Banks Association of the State of New York, and formerly Secretary of the Savings Bank Section, spoke on "Savings Banks to the Front." He told of the large increase in functions of the New York Association, including an extensive information service.

For a National Budget

"I am very glad, indeed," writes Hon. James W. Good, of Iowa, chairman of the select committee on the budget in the House of Representatives, "to know that the American Bankers Association is interested in this matter, for I am sure its assistance will aid us in the adoption of House Resolution No. 324, to centralize all jurisdiction over appropriations in the House of Representatives in a new committee on appropriations to consist of thirty-five members."

After referring to the passage by the House of H. R. 9783 to establish a national budget system and an independent audit of government accounts, Congressman Good continues:

"Our work will only be half completed if we fail to enact this legislation, and there is some pretty strong opposition to the resolution. Members of appropriating committees are loath to surrender this jurisdiction and a determined effort has been started to defeat this resolution."

The following resolution was adopted at the recent St. Louis convention of the American Bankers Association:

"*Resolved,* That the Savings Bank Section address a plea to our national legislators, urging upon them the adoption through necessary legislation, of a budget system for the conduct of our national financial affairs."

Tax Exempt Securities

"*Resolved,* That the Savings Bank Section of the American Bankers Association views the existence of laws which exempt from taxation the borrowings of any particular class of citizens as class legislation, and believes the exemption of such borrowings from taxation interferes with the revenue system of the country by freeing from their just proportion of the burden of the war debt those most to bear it; and be it

"*Further Resolved,* That the Savings Bank Section expresses its disapproval of the continuance or extension of this form of subsidy as provided for at present in the Federal Farm Loan Act, and as is proposed in similar pending legislation."

Professor Charles J. Bullock, of the Department of Economics, Harvard University, refers to these resolutions as follows:

"The resolutions of your association are splendid, and I congratulate you most heartily upon the results you are accomplishing. I hope that the good work will go on.

"It is true that in the past many other exemptions have been granted, and it is probably inevitable that the farm loan interests will object to being made the victims of the first step in reform. But that will be equally true of any other actual step in reform, while at the same time, if we go any further in the direction of creating additional exemptions, we shall merely increase the resentment of those who may suffer, or think that they suffer, as a result of the first step in reform whenever that may be taken. The only way to stop exemptions is to stop them, and the time to begin is now.

"I suppose that we must expect that the people concerned in the farm loan project will object to having their exemptions limited, and it may be difficult to secure such limitation without taking up at the same time other exemptions. I should not be sorry if things turned out this way, but I do not think anyone can take the position that we should go on creating new

exemptions until such a time as it becomes possible to take up the whole matter and cut out the unjustifiable exemptions now existing. We have got to make a stand somewhere and sometime, and the farm exemption is the obvious and logical place to do it."

Prof. Fred R. Fairchild, professor of Political Economy, Yale University, appends to a recent letter the following:

"May I take this opportunity to express my hearty approval of the vote of the savings bank section with regard to exemption from taxation of the borrowings of particular classes of citizens. I regard the exemption of Liberty bonds, farm loan bonds, and other obligations of the government, as one of the serious mistakes made in the finance of the past war."

Convention Resolutions

The annual meeting of the Savings Bank Section, St. Louis, October 1, 1919, adopted both the resolutions against tax exemption for securities and urging a budget system, as quoted above, and also the following:

"*Resolved,* That the Savings Bank Section endorses the purposes of the Treasury Department in the promulgation of plans for saving and thrift, and urges the banks of the country to heartily co-operate with governmental agencies, to the end that thrift may be increased and production stimulated.

"*Resolved,* That the Savings Bank Section commends to its members the promotion of and co-operation with Thrift Week Plans under the auspices of the International Committee of the Y. M. C. A.

"*Resolved,* That the Savings Bank Section heartily appreciates the splendid hospitality extended to the delegates by the bankers and other citizens of St. Louis, and is thankful for the cordial assistance rendered for the success of our Convention by the local committees, the hotels and the press.

"*Resolved,* That the Savings Bank Section tenders its thanks for the valuable contributions to its discussions and deliverations rendered by: Messrs. Ralph Ingalls, Osgood E. Fifield, George Woodruff, Geo. E. Roberts, Robert F. Maddox, E. F. Beebe, Jerome Thralls, Kingman Nott Robins, Richard S. Hawes, John L Ganz, Luther M. Walter and Samuel Rea.

"*Resolved,* That the Savings Bank Section recognizes the splendid enthusiasm and rare executive ability displayed during the year by our retiring President, Mr. Victor A. Lersner.

"*Resolved,* That the Savings Bank Section appreciates the unusual activities during the year of all its committees; that it especially commends the educational work conducted in the study and dissemination of feasible plans for the amortization of mortgage loans, and that it recommends a continuance of those efforts, to the end that Mortgage Companies generally and Savings Banks in particular may be induced to adopt and promulgate plans for the systematic reduction of mortgage indebtedness, thereby insuring thrift among borrowers, which will, in turn, directly increase the wealth and general prosperity of the nation.

"*Resolved,* That the Savings Bank Section expresses its high regard for the splendid ability and achievements of Mr. Milton Harrison, our retiring Secretary, who has brought to bear upon his activities a combination of knowledge and enthusiasm, as well as capacity for actual work rarely found in men. We recognize that those so accomplished must inevitably be called to more independent fields of action. We hereby tender him our best wishes for his continued success, and the assurance of our confidence that permanent general benefits will grow out of his efforts in the field of his new opportunities."

Appraisals; Building Costs

As to the future trend of industrial construction costs, J. P. H. Perry, vice-president of the Turner Construction Company, of New York, recently predicted an increase of 15 per cent for next year. He said:

"We have just completed a study of the costs of two average buildings, built in each of the years from 1909 to 1919, and find that the costs (using 1909 costs as a base, or 100 per cent) have fluctuated as follows:

1909	100 per cent.
1910	98.9 per cent.
1911	93.3 per cent.
1912	95.4 per cent.
1913	92.3 per cent.
1914	90.4 per cent.
1915	87.9 per cent.
1916	103.5 per cent.
1917	138.6 per cent.
1918	171.6 per cent.
1919 (first half)	174.8 per cent."

The above percentages were based upon the average prices of the principal items of construction expense, the percentage which each of those items bears to the other being computed according to the following table:

Sand	3.8 per cent.
Cement	18.5 per cent.
Form lumber	11.6 per cent.
Floor form labor	18.4 per cent.
Stone	8.5 per cent.
Steel	25.4 per cent.
Concrete labor	8.6 per cent.
Steel labor	7.2 per cent.

The Section is making a special study of the present trend of real estate values and building costs, and urges lending institutions to supply any reliable data which may come to their attention.

Thrift and Savings

The Committee on Savings, to which the Executive Committee referred various suggestions for a continuation of work on behalf of savings and thrift, and especially that pertaining to "National Thrift Week" beginning January 17, 1920, should be one of the most active of the Section committees during the coming year. Suggestions for publicity will be formulated in conjunction with the Committee on Service to Members.

National Bank Section

National Banks and County Clerks

An officer in a newly incorporated national bank in a northwestern state in a letter to the Washington office of the National Bank Section asked the question: "We would like to have your opinion as to whether or not it is customary or lawful for a national bank to place on record its by-laws and articles of association with the County Clerk in the county in which the institution is transacting business. We have had a request from the County Clerk that this matter be taken care of."

The question was submitted to the Comptroller of the Currency who wrote under date of November 10 as follows:

"You are advised that there is no provision in the national banks laws under which a national bank is required to file copies of its articles of association and by-laws with the County Clerk of the county in which the association is located."

Organize to Oppose Blue Sky Projects

This year the banks of Warren, Pennsylvania, united with the local Chamber of Commerce in a campaign against fraudulent promotion schemes. The combination freely used local newspapers in advertising the danger to the public in investments in enticing oil, mining, and other unseasoned and little known propositions. A booklet containing a brief sketch of the organization and copies of the advertisements was forwarded to the Washington office of the National Bank Section, and this booklet was submitted to Carter Glass, Secretary of the Treasury, for his examination. The chief financial officer of the Government gives the organization and its propaganda unequivocal approval in the following letter to the Section secretary:

"I have read with interest and warm approval the letter regarding the campaign being waged by the banks and Chamber of Commerce of Warren to stop fraudulent promotions and stock sales.

"If the bankers in every community would take the same splendid public spirited course, I am confident that a great good would be done in protecting uneducated investors from swindlers and in conserving the capital resources of the country for projects of a legitimate character. It is hardly necessary to say that the present widespread tendency to reckless speculation makes an effort such as theirs of peculiar value and service."

National Bank Items

The officers of the National Bank Section expect to hold a meeting in Washington the latter part of November.

The largest check ever drawn, $2,648,309,171.53, was signed recently by Carter Glass, Secretary of the Treasury. It was made necessary on account of the redemption of certificates of indebtedness and other obligations. The largest check ever drawn on the Treasury for outgoing money was $200,000,000, which was loaned to Great Britain.

For the first ten months of the current calendar year 221 charters for new national banks were granted, with an aggregate capital of $20,130,000, as compared with 132 charters with an aggregate capital of $12,125,000 for the same months in 1918.

A correspondent of this Section writes: "There is a division of opinion in Kansas City, Missouri, over the title 'Fidelity National Bank and Trust Company.' The bank people want to retain the name given them, while the bank commissioner of Missouri thinks the words 'Trust Company' should be eliminated."

In the first ten months of the current calendar year in the entire country there has been no failure of a national bank involving loss to depositors. On November 1, 1919, there were 7,900 national banks in operation.

The resources of all national banks September 12, 1919, amounted to $21,615,000,000, an increase of $3,571,000,000 as compared with August 31, 1918. The total deposits on September 12, 1919, were $16,681,000,000, an increase of $2,795,000,000 over August 31, 1918.

Eventually Only One Class of Banks

At the meeting of the National Bank Section at St. Louis this year, John J. Sherman, president of the Citizens National Bank, Appleton, Wisconsin, during a discussion said: "I always believed we ought to have one banking system, and that the Federal system. For the life of me I cannot see why the people of this country cannot realize this. We all would be better off if all were in one system—one system for the good of everybody."

Mr. Sherman's remarks received much comment among the bankers present. In a desire for more full explanation of his views, in which not a few bankers share, the National Bank Section's Washington office made a request from Mr. Sherman to which he very kindly replied as follows:

I always have been a firm believer in one system of banking; that is to say, our entire banking system should be under Federal control, and not partly under state and partly under Federal control.

I was in hopes when the Federal Reserve Act was passed that it would induce all banks in the United States to come under that act, and that only banks under that act should be authorized to do a general banking business. In the smaller communities where, in many instances there is but one bank, the bank officers are obliged to act in many

capacities in their individual name, because the corporation is not authorized to do the business.

In the state of Wisconsin, a bank cannot act as trustee, guardian, executor, or administrator unless it does business under a separate charter as a trust company. That leaves all that work and business to the individuals or trust companies only. How much better it would be if the bank itself were authorized to perform those duties. We tried to pass a law in the state of Wisconsin giving banks that power, but the influence of the trust companies and other parties interested in the same, was instrumental in defeating the measure.

An individual who is making a will would rather name a corporation than an individual as executor of his will, especially if the corporation is located close to his home or in his immediate community, and if he is acquainted with the same and knows of its mode of business and the character of the men connected with it. As it is now, in the state of Wisconsin individuals are performing these trusts, oftentimes compulsory, in order to accommodate their customers, friends and neighbors. They have to give a personal or fidelity, bond, and their estates may become liable on account of some error or omission in the performance of their duties, which often makes it a great hardship, not only for the individual but also his family.

If all banks were doing business under one and the same supervision, I believe the business could be conducted upon a sounder business principle. Those in charge of the banks would have data and information concerning the borrowers of the bank, which would be of great value to the banks and in many instances save them from losses. The government would know the true condition of all the banks and, so to say, the financial condition of the entire country.

Years ago when inquiries were sent out on the subject of a reserve bank, or in other words, for the purpose of revising our banking laws, I agitated and made known my desire for a banking system under which each and every bank of the entire country would operate, and I never could quite understand why there was so much objection to having but one system of banking in this great country. We now have not only the national banks, but state banks and trust companies and private banks, all operating under different rules and regulations, according to the whims of the respective states, and of the national government.

Our national banking system now operating under the Federal Reserve Act, with slight amendments, in my estimation, could be made to fill the bill so that every bank in this country could operate thereunder and render the public the service which it requires.

A bank should be established, not for the purpose of making large dividends for its stockholders, but for the purpose of serving the community in which it is located, and reasonable return on the capital should, of course, be allowed. The bank's duties should be to assist in educating the people in its community to save and produce; should assist the farmer, the merchant, the manufacturer, the laborer and the professional man. They should all be entitled to assistance from the bank in accordance with their responsibilities and needs on conservative lines.

I am in favor of every bank, in good standing, having trust powers so that it may perform all the duties necessary to accommodate its customers, and the sooner this can be accomplished, the better it will be for every community, and also for the development of the same.

Bank Holidays in Foreign Countries

The following calendar of bank and public holidays, which will be celebrated in December in the states and countries and on the dates enumerated below, is furnished by the Guaranty Trust Company of New York:

Monday, December 1—A holiday (Flag Day) in Azores, Madeira Islands, Portugal, Portuguese East Africa, Portuguese West Africa. Also in Liberia (Newport Day).

Tuesday, December 2—Siam (King's Coronation).

Thursday, December 4—Bulgaria (unofficial), Rhodesia (Shangani Day), Rumania, Russia (Church festival day, Petrograd Stock Exchange closed), Serbia.

Sunday, December 7—Cuba.

Monday, December 8 (Immaculate Conception)—A holiday in Argentina, Austria-Hungary, Bolivia, Brazil (not legal but generally observed), Canada (province of Quebec only), Canary Islands, Chile, Columbia, Costa Rica (unofficial), Dominican Republic (unofficial and not observed by banks), Ecuador (unofficial), Germany (in Catholic Germany only), Guatemala, Honduras (unofficial), Italy, Mexico (half holiday), Panama (unofficial and not observed by banks), Paraguay, Peru (unofficial), Philippine Islands (not a legal holiday), Salvador (not observed by banks), Spain, Uruguay, Venezuela (unofficial).

Tuesday, December 9—Brazil (State of Matto Grosso).

Friday, December 12—Mexico (Our Lady of Guadeloupe).

Saturday, December 13—Greece (unofficial).

Monday, December 15—Brazil (State of Sao Paulo).

Tuesday, December 16—Brazil (State of Goyaz), New Zealand (Provincial Anniversary in Canterbury), South African Union (Dingaan's Day).

Friday, December 19—Brazil (State of Parana), Bulgaria, Greece (unofficial), Rumania, Serbia (half holiday), Venezuela.

Tuesday, December 23—Spain (Fete of the Queen, limited observance).

Wednesday, December 24—Ceylon, Gibraltar, Salvador (not observed by banks), Siam (Bangkok), Sweden (half holiday).

Thursday, December 25—(Christmas Day)—A holiday in every part of Europe except Bulgaria, Greece, Rumania, Russia, Serbia and Turkey (where it is observed by foreign banks and merchants); in all of the European colonies in Africa and in Liberia and Morocco; in every country and colony in North, Central and South America; in all parts of Asia except China (where it is observed by the Foreign community) and in Australasia and Oceania. In the United States, a holiday in every State in the union; also in the District of Columbia, Alaska, Hawaii, the Philippine Islands, Porto Rico and the Virgin Islands.

Clearing House Section

Quarterly Statements of Country Clearing Houses

THIRD QUARTER, ENDING SEPTEMBER 30, 1919

(See page 110 of August JOURNAL for Statement for Second Quarter, 1919)

Clearing Houses	Number of Checks Handled	Volume of Checks	Number of Banks Using the Country Clearing Department	Number of Towns Upon which Checks Are Handled	Number of Banks Upon which Checks Are Handled	Number of Letters Sent Out Daily (Average)	(a) Operating Cost per Check (b) Operating Cost per $1,000
Atlanta	1,278,879	$82,467,331.71	9	2,500	3,000	2,000	(a) .108 (b) .17
Detroit	360,858	27,721,231.60	9	500	600	525	(a) .014 (b) .194
Kansas City	534,451	26,343,254.91	15	1,212	1,985	600	(a) .0088 (b) .21
Louisville	750,000	18,055,470	5	1,000	2,180	500	....
Nashville	500,914	26,999,174.66	5	560	920	450	(a) .01 (b) .19
Oklahoma City	No report						
Richmond	1,082,951	73,071,900.00	5	800	1,500	728	(a) .0084 (b) .124
St. Louis	866,584	42,352,663.07	13	2,194	3,511	1,500	(a) .00895 (b) .183
Total	5,374,637	$297,011,025.95	61	8,766	13,696	6,303	

Clearings and Total Bank Transactions

FOR THIRD QUARTER, 1919 (JULY, AUGUST AND SEPTEMBER)

(See page 110 of August JOURNAL for figures for Second Quarter, 1919)

Clearing House Association	Clearings	Total Bank Transactions
Atlanta	$722,974,739	$1,066,152,523
Cedar Rapids	29,575,484	259,798,215
Cincinnati	724,140,262	2,151,563,746
Des Moines	132,954,943	681,818,646
Detroit	1,074,905,398	2,080,799,000
Fort Wayne	21,105,049	173,726,275
Grand Rapids	71,939,050	248,736,512
Hartford	101,684,670	449,700,700
Houston	253,308,132	779,790,970
Indianapolis	203,308,000	694,125,000
Joplin	17,597,000	42,611,000
Kansas City	2,879,480,096	4,217,466,790
Los Angeles	606,269,000	1,695,057,000
Memphis	204,962,853	539,155,315
Minneapolis	544,289,887	2,796,327,147
New Orleans	722,841,676	1,254,844,160
Oakland	109,818,335	195,142,656
Oklahoma City	$164,025,951	$451,575,668
Providence	117,970,800	510,215,000
Richmond	759,919,071	1,229,387,321
Sacramento	73,630,637	270,137,024
San Francisco	1,860,067,179	3,648,039,827
St. Joseph	201,109,788	1,158,203,924
Scranton	53,775,885	167,491,094
Seattle	527,209,886	1,005,175,315
Spokane	135,858,964	380,088,380
Springfield, Mass.	55,635,750	182,731,284
Stockton		
Tacoma	56,985,757	230,182,026
Trenton	35,900,440	120,962,710
Tulsa	126,018,985	726,169,199
Vicksburg	3,695,639	16,645,316
	$12,592,959,306	$29,423,819,743

State Bank Section

Committees

President J. W. Butler of the State Bank Section, with the advice and approval of the Section Executive Committee, has appointed committees as follows:

Federal Legislative Committee—C. B. Hazlewood (Chairman), vice-president of the Union Trust Company of Chicago; J. H. Puelicher, vice-president of the Marshall & Ilsley Bank of Milwaukee; Fred Collins, vice-president of the Bank of Commerce and Trust Company of Memphis; E. D. Huxford, president of the Cherokee State Bank of Cherokee, Iowa; and G. E. Bowerman, vice-president of the Fremont County Bank of Sugar City, Idaho.

State Legislative Committee—R. S. Hecht (Chairman), president of the Hibernia Bank & Trust Company of New Orleans; Joel R. Parrish, cashier of the Farmers State Bank of Woods Cross, Utah; J. D. Phillips, vice-president and cashier of the Green Valley Bank of Green Valley, Illinois; C. N. Prouty, cashier of the Exchange State Bank of Kansas City, Kansas; and B. M. Marlin, secretary and treasurer of the Union Banking & Trust Company of Du Bois, Pennsylvania. Other members of the State Legislative committee are the various state vice-presidents of the State Bank Section.

Membership Committee—H. A. McCauley (Chairman), president of the Sapulpa State Bank of Sapulpa, Oklahoma. The state vice-presidents of the State Bank Section are also members of the membership committee.

Conference Committee—This committee consists of three members appointed by the State Bank Section, three members appointed by the Trust Company Section and three members appointed by the Savings Bank Section. The members of this committee appointed to represent the State Bank Section are J. H. Puelicher, vice-president of the Marshall & Ilsley Bank of Milwaukee; Fred Collins, vice-president of the Bank of Commerce and Trust Company of Memphis; and E. D. Huxford, president of the Cherokee State Bank of Cherokee, Iowa.

Committee on Public Relations—E. C. McDougal (Chairman), president of the Bank of Buffalo, Buffalo; D. M. Armstrong, vice-president of the Commercial Trust & Savings Bank of Memphis; C. R. Miller, president of the Farmers Bank of Wilmington, Dela.; W. C. Gordon, cashier of the Farmers Savings Bank of Marshall, Missouri; and L. S. Covington, vice-president of the Farmers Bank of Rockingham, North Carolina.

Henry A. Moehlenpah

A testimonial dinner was recently given in Milwaukee to H. A. Moehlenpah, the new member of the Federal Reserve Board. The dinner was attended by three hundred representative men of the State of Wisconsin and the spirit of the occasion is thus described by the Milwaukee Sentinel:

"It was at once a representative recognition of an excellent appointment, of the popularity, sterling character, and useful career of the guest of the evening, and an expression of a sense of the distinction conferred upon the state. Mr. Moehlenpah is a member of the party in power at Washington—a deserving democrat in the best sense of the term. But the appointment is distinctly one that did not have its genesis in politics.

"As a prominent member of a committee of forty representing the views of the so-called country banks or smaller banking institutions that went to Washington just before the enactment of the banking bill to urge certain changes in that great and beneficent measure, Mr. Moehlenpah so commended himself to those in charge of the measure as a man of sound views and of vision, as well as practical capacity, as to establish the estimate which has led to his appointment to the board.

"Mr. Moehlenpah's banking career in Wisconsin, with the recognition that has previously come to him as an efficient member of the American Bankers Association and as president of the Wisconsin Bankers Association, is generally familiar to his fellow citizens in the state, and was handsomely recounted and appreciated by speakers last evening, even those who have disagreed with him in politics being by no means behindhand in their tributes to his general and vocational fitness for the appointment.

"Mr. Moehlenpah will, as a member of the board, undertake duties of great and onerous public responsibility. That he will measure up to them, both in the broader sense and as a representative of the country banking interests with which he has been more closely identified, is the well founded belief of his fellow citizens of Wisconsin.

"The enactment of the new banking law, with its long needed machinery for the elasticity of our currency and for its soundly based power of expansion concurrently with the public demand for it, may fairly be set down as the great constructive achievement of the Wilson administration. The war magnificently proved its value, and its enactment at a time when that great national emergency was looming unsuspected ahead of us, may well seem providential.

"Wisconsin will appreciate the honor of having its representation on the Federal Reserve Board, and its representative will carry with him to his new duties the confident good wishes of his fellow citizens irrespective of politics—which, as Mr. Wilson once remarked, is on this occasion 'adjourned.'"

Mr. Moehlenpah delivered a characteristic address which is printed elsewhere in this issue of the Journal.

State Banks and the Federal Reserve System

At the recent convention of the State Bank Section of the American Bankers Association in St. Louis, William Macferran, president of the State Savings Bank of Topeka, Kansas, delivered an interesting address in which he said:

"So far as I know the state bankers of the United States, collectively, have never stated upon what conditions they would be willing to join the Federal Reserve System. Before stating my views on this subject, I want to make it clear that I am strongly in favor of the Federal Reserve Banks. I believe it the best piece of financial legislation Congress ever passed. I also believe, just as strongly, that State banks are quite as good as nationals, serving many communities better and, therefore, believe they should be equally protected and preserved. That should make it clear that I am not antagonistic to the Federal Reserve Bank, but I think its directors should not be antagonistic to State banks; I also think the Comptroller should show more friendliness, instead of adhering to his methods of attacking them, which I most heartily condemn.

"I do not think State bankers can serve two masters. That has never been successfully done by anyone.

"1. If it is desirable that State banks become members of the Federal Reserve Bank, I believe our bank would apply at once and, if accepted, buy stock and make the necessary deposit of gold reserve, provided the regional bank could exercise no authority whatever over it up until the time when it should desire to borrow.

"2. When that time comes, the Federal Reserve Bank should have the right of examination; with its authority limited to ascertaining whether it was living up to the Kansas state laws and solvent.

"3. If these two conditions were found to be satisfactory, and the bank had government bonds or acceptable paper, I think the rediscount should be granted.

"4. If the bank was found disobeying the State laws under which it was organized, or was insolvent, it would then not be entitled to the loan.

"5. In acting upon the application of a State bank for admission, the Federal Reserve Board could examine and pass upon the banking laws of the State under which it was organized, and if they were found objectionable, not admit any banks from that State until the laws were corrected by the legislature.

"6. If this was the extent to which the Federal Reserve Board could mix in State bank affairs, such banks would have but one master and their independent existence would not be endangered. To effect this, necessary changes in the law and board rulings might be made.

"In making these suggestions, I can think of no possible loss that could come to the Federal Reserve Bank that cannot now come to it. There have been many national bank failures among its membership; but that does not mean losses to the Federal Reserve Bank. Undoubtedly there have been none, for the parent bank has both the stock and the reserve deposit for its protection, and, unless it would allow an overdraft, a loss is hardly among the possibilities. The present difficulty in harmonizing the national and state banks with the Federal Reserve System might have been avoided if Congress had constructed the law to fit both, instead of considering the national banks alone, forgetting the 15,000 state institutions, with larger assets, and just as sound and necessary to the development of the country. We want, at all hazards, to prevent the destruction of our magnificent state banking system. It has always been in the majority, both in numbers and assets, and has been in the forefront in the material development of the nation. Let us aid the Federal Reserve System, all we possibly can, to finance the interests of this great country of ours, especially during its reconstruction period, but it should be done without injury to the state banks, and I believe it can. Our Senators and Congressmen, certainly, will help us to this end. If allowing the banks in the State systems to become members of their respective Federal Reserve Banks, upon the terms I have suggested, could be done without loss to the Federal Reserve Banks, I believe it would be beneficial to the financial interests of the nation to permit it, so that the Federal Reserve Banks might present a solid front and receive that co-operation which is so much needed at this time."

Acceptances

The American Trade Acceptance Council has received reports which indicate that there is a very general interest in bankers' and trade acceptances among the financial and commercial interests of the country. That acceptances have been found a practical method of handling credits is shown by the large number now handled by banks and acceptance corporations.

One of the reasons for the success of acceptances, says the council, is the facility with which merchandise sales are converted into live assets. Bankers in every section of the country report practically one hundred per cent of the items received by them are paid promptly at maturity. One important commercial house announces receiving from several thousand customers in one year over two million dollars worth of trade acceptances with a loss of only three hundredths of one per cent. Acceptances are being used by merchants dealing in such diversified lines as hats, chemicals, farm implements, and jewelry. The adoption of acceptances in place of open book accounts is not confined to any particular section; cities on the Pacific Coast are using them quite as generally as those on the Atlantic seaboard.

Membership Changes

REPORT FROM SEPTEMBER 26 TO OCTOBER 25, 1919

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the Journal.

Arkansas	Leslie	Peoples Bank closed.
California	Independence	Owens Valley Bank succeeded by Inyo County Bank.
	Pasadena	National Bank of Pasadena consolidated with National Bank and Trust Company.
	San Francisco	Mutual Savings Bank succeeded by First Federal Trust Company, Market Street Branch.
	South Pasadena	South Pasadena Savings Bank merged with First National Bank.
	Tracy	West Side Bank changed to American Bank of Tracy.
Colorado	Denver	Silver State Bank merged with Merchants Bank.
	Victor	Citizens Bank merged with Bank of Victor.
Dist. of Columbia	Washington	Home Savings Bank and branches taken over by American Security & Trust Company.
Georgia	Hagan	Bank of Hagan out of business.
	Jackson	First National Bank succeeded by Farmers & Merchants Bank.
	Savannah	National Bank of Savannah succeeded by Hibernia Bank of Savannah, Broughton Street Branch.
Idaho	Rigby	Rigby State Bank changed to First National Bank.
Illinois	Chicago	A. W. Jeffries & Co., Bankers, retired from banking business.
	Chicago	Immel & Sons Bank, succeeded by Immel State Bank.
	Cicero	Baker & Son Savings Bank changed to Baker State Bank.
	McClure	Bank of McClure succeeded by State Bank of McClure.
	St Anne	First National Bank consolidated with Farmers State Bank.
	Sandwich	Sandwich Bank succeeded by Sandwich State Bank.
Indiana	Roanoke	State Bank of Roanoke succeeded by First National Bank.
Iowa	Burlington	National State Bank merged with First National Bank.
	Decatur	Decatur State Savings Bank in receiver's hands.
	Hartley	Iowa Savings Bank in receiver's hands.
Kansas	Haviland	Haviland State Bank changed to First National Bank.
	Salina	Kansas State Bank in receiver's hands.
Louisiana	New Orleans	City Bank & Trust Company, French Market Branch, absorbed by Whitney-Central Trust & Savings Bank, French Market Branch.
	New Orleans	City Bank & Trust Company absorbed by Whitney-Central Trust & Savings Bank, City Bank Branch.
	New Orleans	Commercial National Bank, changed to Canal-Commercial National Bank.
	New Orleans	Commercial Trust & Savings Bank and United States Trust and Savings Bank merged with Canal Bank & Trust Company as Canal-Commercial Trust and Savings Bank.
Michigan	Cheboygan	Cheboygan County Savings Bank consolidated with Cheboygan State Bank.
	Dimondale	Exchange Bank succeeded by Dimondale State Bank.
Missouri	St. Louis	Meramec Trust Company in hands State Bank Commissioner.
Montana	Ingomar	Ingomar State Bank succeeded by First National Bank.
Nebraska	Lexington	First National Bank out of business.
New Mexico	Lake Arthur	First State Bank closed.
New York	New York	Lederer's Banking House succeeded by The Standard Bank.
	Pike	The Pike Company closed.
North Carolina	Charlotte	Southern Loan & Savings Bank taken over by Charlotte National Bank.
	Smithfield	Johnston County Bank & Trust Company succeeded by Citizens National Bank.
North Dakota	Fargo	Scandanavian American Bank in reciever's hands.
	Jud	First State Bank closed.
	Richardton	Richardton State Bank, succeeded by Merchants State Bank.
Ohio	Cleveland	Peoples Savings Bank Co. merged with Cleveland Trust Company.
	Middletown	Merchants National Bank merged with First National Bank as First and Merchants National Bank.
Oklahoma	Billings	National Bank of Billings merged with Citizens Bank.
	Clinton	First National Bank, Arapaho, Oklahoma, moved and changed Farmers National Bank.
	Cordell	Cordell National Bank changed to Cordell State Bank.
	Oklahoma	Southwest Reserve Bank converted to Southwest National Bank.
	Tahlequah	Central National Bank, closed.
Oregon	Halfway	American State Bank converted to First National Bank.
Pennsylvania	Bethlehem	South Bethlehem National Bank, South Bethlehem, changed to Bethlehem National Bank.
	Philadelphia	Drovers & Merchants Bank converted to Drovers & Merchants National Bank.
South Carolina	Newberry	Newberry Savings Bank out of business
South Dakota	Chamberlain	Brule National Bank succeeded by Brule State Bank.
Tennessee	Alamo	City Bank closed.
	Milan	Farmers State Bank and Peoples Bank consolidated as Farmers-Peoples Bank.
	Nashville	Caldwell & Company changed to Bank of Tenessee.
Texas	El Paso	Rio Grande Valley Bank & Trust Company merged with City National Bank.
	Plainview	Citizens National Bank merging with First National Bank.
	San Angelo	Western National Bank merged with Central National Bank.
Virginia	City Point	Bank of City Point closed.
West Virginia	Burnsville	Peoples Bank closed.
Wisconsin	Appleton	Commercial National Bank consolidated with First National Bank.
	Milwaukee	First Trust Company and Wisconsin Trust Company consolidated as First Wisconsin Trust Co.
	Oshkosh	Commercial National Bank merged with Old National Bank.

New and Regained Members from September 26 to October 25, 1919, Inclusive

ALABAMA
Farmers State Bank, Huntsville, 61-78.

ARKANSAS
Merchants & Planters Bank, Clarendon, 81-164.
First National Bank, Malvern, 81-132.

CALIFORNIA
Los Angeles Morris Plan Co., Los Angeles.

COLORADO
First State Bank, Cheraw, 82-226.

GEORGIA
Muscogee Bank, Columbus, 64-64.

IDAHO
First National Bank, Moscow, 92-47. (Regained)
Jefferson County National Bank, Rigby, 92-260.

ILLINOIS
The Verry Bank, Armington, 70-1144.
Mercantile Bank & Trust Co., Benton, 70-1765.
Kimbell Trust & Savings Bank, Chicago, 2-195. (Regained)
R. M. Grant & Co., Chicago.
State Bank of Cowden, Cowden, 70-976.
Farmers State Bank, Findlay, 70-1767
Harvel Bank, Harvel, 70-1344
Isabel Bank, Isabel, 70-1874.
Fayette County Bank, St. Elmo, 70-793.
First National Bank, Shelbyville, 70-468.
First National Bank, Vermillion, 70-1639.
Wataga State Bank, Wataga, 70-1075.

IOWA
First National Bank, Burlington, 72-53. (Regained)
State Savings Bank, Hornick, 72-1135.
Guaranty State Bank, Knoxville, 72-283.

KANSAS
Harvey County State Bank, Newton, 83-88.
State Savings Bank, Topeka, 44-52.

KENTUCKY
Black Mountain Bank, Evart, 73-690.

LOUISIANA
Jennings National Bank, Jennings, 84-341.

MARYLAND
Calvin B. Taylor Banking Co., Berlin, 65-101.
Peoples Banking Co., Smithsburg, 65-133.

MASSACHUSETTS
First State Bank, Boston, 5-165.
R. M. Grant & Co., Boston.

MICHIGAN
First National Bank, Chesaning, 74-1044.
Montrose State Bank, Montrose, 74-749.

MISSISSIPPI
Bank of Baldwyn, Baldwyn, 85-240.
Citizens Bank, Byhalia.

MISSOURI
Bank of Campbell, Campbell, 80-375.
Farmers Bank of Concordia, Concordia, 80-533.
Columbia National Bank, Kansas City, 18-30.
Farmers State Bank, Louisiana, 80-202.
First National Bank, Perryville, 80-1614.
Friedman-D'Oench Bond Co., St. Louis.
Stover Bank, Stover, 80-1382.
Bank of Waynesville, Waynesville, 80-1249.

MONTANA
Powder River National Bank, Broadus, 93-486.
United States National Bank, Red Lodge, 93-65. (Regained)

NEBRASKA
Bank of Hickman, Hickman, 76-752.
Paxton State Bank, Paxton, 76-1170.
Security State Bank, Wakefield, 76-927.

NEVADA
John S. Cook & Co., Goldfield, 94-16. (Regained)
Bank of Nevada Savings & Trust Co., Reno, 94-6.

NEW JERSEY
Audubon National Bank, Audubon, 55-495.
Morristown Trust Co., Morristown, 55-233. (Regained)

NEW MEXICO
First State Bank, Cloudcroft, 95-155.
Colfax County State Bank, Springer, 95-157.

NEW YORK
Bank of Buffalo, City Trust Co. Branch, Buffalo, 10-8. (Regained)
Bank of Buffalo, Market Branch, Buffalo, 10-8. (Regained)
Lafayette National Bank, Buffalo, 10-67.
Corn Exchange Bank, Chatham Sq. Branch, New York, 1-45.
Corn Exchange Bank, Sheridan Sq. Branch, New York, 1-45.
A. M. Kidder & Co., New York. (Regained)
Staley, Banks & Beam, New York.
State Bank, Clinton Branch, New York, 1-96.
Textile Banking Co., Inc., New York.
R. G. Whittemore & Co., New York.

NORTH CAROLINA
Bank of North Wilkesboro, North Wilkesboro, 66-215.
Wake County Savings Bank, Raleigh, 66-30.

OHIO
Peoples National Bank, Adena, 56-862.
Bank of Ashley, Ashley, 56-825.
Wheatley Company, Lima.

OKLAHOMA
First National Bank, Altus, 86-94.
Farmers State Guaranty Bank, Lexington, 86-457.
Bank of Mountain View, Mountain View, 86-1016.
Security State Bank, Muskogee, 49-10.
First National Bank, Prague, 86-386.
Prague National Bank, Prague, 86-387.
Liberty National Bank, Stuart, 86-1110.

OREGON
Security Bank, Myrtle Point, 96-292.

PENNSYLVANIA
McCown & Co., Philadelphia.
Gordon & Co., Pittsburgh.

TENNESSEE
Savings Loan & Trust Bank, Johnson City, 87-77.
Farmers-Peoples Bank, Milan, 87-199. (Regained)

TEXAS
City National Bank, Sweetwater, 88-1644.

VIRGINIA
Commerce Bank & Trust Co., Charlottesville.
Scott & Stringfellow, Richmond. (Regained)

WEST VIRGINIA
Peoples National Bank, Rowlesburg, 69-337.

WISCONSIN
Bank of Southern Wisconsin, Janesville.
First National Bank, Maiden Rock, 79-999.

HAWAII
Henry Waterhouse Trust Co., Honolulu. (Regained)

MEXICO
Bank of Montreal, Mexico City.
Deutsch-Sudamerikanische Bank, Mexico City.